UNITED
NATIONS

S

Security Council

Distr.
GENERAL

S/1998/477
5 June 1998

ORIGINAL: ENGLISH

REPORT OF THE SECRETARY-GENERAL PURSUANT TO PARAGRAPH 4 OF RESOLUTION 1143 (1997)

I. INTRODUCTION

1. In paragraph 4 of its resolution 1143 (1997) of 4 December 1997, the Security Council requested the Secretary-General to report to it, inter alia, prior to the end of the 180-day period, on the basis of observation by United Nations personnel in Iraq, and on the basis of consultations with the Government of Iraq, on whether Iraq had ensured the equitable distribution of medicine, health supplies, foodstuffs and materials and supplies for essential civilian needs, financed in accordance with paragraph 8 (a) of resolution 986 (1995) of 14 April 1995, including in his report any observations he might have on the adequacy of revenues to meet Iraq's humanitarian needs and on Iraq's capacity to export sufficient quantities of petroleum and petroleum products to produce the sum referred to in paragraph 1 of resolution 986 (1995). My 90-day report to the Council pursuant to paragraph 4 of resolution 1143 (1997) was submitted on 4 March 1998 (S/1998/194 and Corr.1).

2. The present report provides information up to 15 May 1998 on the distribution of humanitarian supplies throughout Iraq, including the implementation of the United Nations Inter-Agency Humanitarian Programme in the three northern governorates of Dahuk, Erbil and Sulaymaniyah. The delivery and distribution of inputs under resolutions 986 (1995), 1111 (1997) and 1143 (1997) (phases I, II and III, respectively) continue and the present report describes developments in the implementation of the programme since my previous report and reviews the impact of the programme as a whole. In accordance with resolution 1153 (1998), paragraph 5, the enhanced distribution plan was submitted by the Government of Iraq on 27 May 1998. I approved the enhanced distribution plan on 29 May 1998, and a new 180-day period commenced at 0001 hours Eastern Standard Time on 30 May 1998.

II. SALE OF PETROLEUM AND PETROLEUM PRODUCTS

3. The last proceeds of oil sales effected under resolution 986 (1995) were deposited into the United Nations Iraq Account on 27 June 1997. A total of 125 letters of credit were processed under phase I, representing $2,149,806,396 worth of oil.

4. The last proceeds of oil sales effected under resolution 1111 (1997) were deposited into the United Nations Iraq Account on 2 January 1998. A total of 128 letters of credit were processed under phase II, representing $2,124,569,788 worth of oil.

5. Between 15 January and 15 May 1998, 180 letters of credit were confirmed by Banque nationale de Paris pursuant to resolution 1143 (1997). The proceeds of those oil sales are expected to be approximately $2,117,000,000, but they will vary in accordance with the market price of crude oil. As at 15 May 1998, $1,298,196,628 of oil proceeds had been received under phase III in the United Nations Iraq Account.

6. The export of petroleum from Iraq during phase III has proceeded smoothly, with excellent cooperation among the oil overseers, the independent inspection agents (Saybolt), the Iraqi State Oil Marketing Organization and the national oil purchasers. In view of the delayed resumption in petroleum sales and a serious drop in price, the projected $400 million revenue shortfall in the first 90-day revenue objective of $1.07 billion (including the pipeline fee) and the consequences for humanitarian supplies, the Security Council, in its resolution 1158 (1998) of 25 March 1998, decided to permit the import of petroleum originating in Iraq, sufficient to produce a sum not exceeding a total of $1.4 billion within the second 90-day period of phase III.

7. A total of 53 contracts, involving purchasers from 18 countries, were reviewed by the overseers in phase III, as follows: Algeria (1), Austria (2), Bulgaria (1), China (2), France (4), India (2), Indonesia (1), Italy (3), Morocco (1), Netherlands (1), Russian Federation (18), Slovakia (1), Spain (4), Switzerland (1), Turkey (3), United Kingdom of Great Britain and Northern Ireland (4), United States if America (3) and Ukraine (1). Fifty-two contracts were approved, and one contract was cancelled by the Iraqi State Oil Marketing Organization because of the inability of the purchaser to present all supporting documents. The total quantity of oil approved for export under those contracts corresponds to approximately 184.1 million barrels for the 180 days, the highest amount under the programme established by resolution 986 (1995). All contracts submitted employed the pricing mechanisms approved by the Committee on the recommendation of the overseers.

8. In the first 90-day period, 48 liftings, totalling 53.6 million barrels for a value of $645 million, have been completed. In the second 90-day period, 80 liftings, totalling 99.2 million barrels, with an estimated value of $1.14 billion, have been completed. Twenty-seven liftings remain for the second quarter (as at 15 May 1998). Letters of credit opened for each of the liftings were reviewed and confirmed by the overseers upon compliance with the terms and conditions of the contracts approved and consultations with the parties concerned. About 57 per cent of the liftings were made at Ceyhan in Turkey. At current prices, total revenue for the whole phase III period is estimated at about $2.15 billion (including pipeline fees).

9. The overseers have continued to advise the Security Council Committee established by resolution 661 (1990) on the pricing mechanisms, contract approval and modifications, management of the 90-day revenue objective of $1.07 billion (including pipeline fees) and other pertinent questions related to

export and monitoring, under resolutions 986 (1995), 1143 (1997) and 1158 (1998).

10. The overseers and the independent inspection agents (Saybolt) deployed to monitor oil loadings and transfers have worked closely to ensure the effective monitoring of the relevant oil installations as well as the liftings. The overseers in March 1998 accompanied to Iraq the group of experts established pursuant to paragraph 12 of resolution 1153 (1998), to determine, in consultation with the Government of Iraq, the capacity of Iraq to export petroleum and petroleum products sufficient to produce the amount referred to in paragraph 2 of resolution 1153 (1998), namely $5.256 billion.

11. Pursuant to paragraph 2 of the procedures of the Security Council Committee (S/1996/636), 268 national oil purchasers, who are authorized to communicate directly with the overseers, have been nominated from 45 countries.

12. Pursuant to paragraph 14 of the procedures of the Committee, the overseers have continued to report to the Committee once a week on the contracts considered by them relating to the sale of petroleum originating in Iraq, including the cumulative quantity and approximate value of petroleum authorized for export. So far, 73 such reports have been submitted to the Committee.

III. PURCHASE AND CONFIRMATION OF ARRIVAL OF HUMANITARIAN SUPPLIES

13. During phase III, there was a marked increase in the speed of approvals, deliveries and authentication at the borders as all parties became more experienced with the procedures of the programme envisaged under resolution 986 (1995), and because of the measures taken by the Office of the Iraq Programme in compliance with the directives of the Secretary-General (S/1998/90, paras. 53-56). In addition, improvements were noted as a result of the decisions taken by the Security Council Committee regarding its own working procedures. As previously occurred in phases I and II, bulk foodstuff contracts were submitted first and therefore processed first, according to the procedures of the Committee and the request of the Government of Iraq that applications be processed in the order in which they are received by the Secretariat. As a result, funds were depleted by large food contracts early in phase III and therefore medical contracts, in particular, remained unfunded until the latter part of the phase. This problem was exacerbated by the shortfall in available funds owing initially to the delay in the sale of oil and then to a serious drop in world oil prices during this phase, which meant that contract applications approved for phase III by the Committee could not be honoured until sufficient funds were received into the United Nations Iraq Account. On occasion during this phase, the Government of Iraq made special requests for allocating funds on a priority basis for specific applications; all such requests have been honoured.

14. With respect to phase III, the current status of applications as at 15 May 1998 is found in annex I. Using dollar amounts as a basis, the approval rate by the Security Council Committee for this phase continues to translate into approximately 95 per cent of the total applications submitted to it.

15. As announced on 9 March 1998, the oil revenues available for the purchase of humanitarian supplies under phases I and II have been exhausted; therefore, those phases are considered completed. Figures relating to the status of applications for those phases as at 15 May 1998 are also given in annex I.*

16. The United Nations independent inspection agents (Lloyd's Register) continue to inspect the arrival of humanitarian supplies into Iraq. During the course of the last 180 days, they have received goods approved in all three phases, covering every sector of the distribution plan. Enhancement of the Lloyd's Register information technology systems has ensured that the arrival of goods is notified through the daily data links between the four entry points into Iraq and United Nations Headquarters in New York. The sites differ greatly in the type and amount of traffic handled. Currently the Trebil site is working close to or at capacity, whereas the site at Al-Walid, geographically closest to Trebil, has the capacity to receive a substantially increased amount of humanitarian supplies to be authenticated. All means will be pursued, in consultation with the Government of Iraq and with United Nations agencies and programmes, to reduce this marked discrepancy in levels of traffic, so as to avoid unnecessary delays.

IV. UNITED NATIONS IRAQ ACCOUNT

17. The Security Council, in its resolution 1143 (1997), authorized the Government of Iraq to export petroleum and petroleum products for another period of 180 days, starting from 5 December 1997. As at 15 May 1998, of the $2 billion authorized under that resolution, $1,298.2 million had been deposited into the account for phase III, bringing total oil sales since the inception of the programme envisaged under resolution 986 (1995) to $5,572.6 million.

18. The allocation of total oil proceeds received to date and the corresponding expenditures are as follows:

(a) $2,772.2 million has been allocated for the purchase of humanitarian supplies by the Government of Iraq, as specified in paragraph 8 (a) of resolution 986 (1995). In addition, interest in the amount of $58.5 million has accrued, while an amount of $224.9 million represents bulk purchases made by the Government of Iraq for the three northern governorates and distributed by the United Nations Inter-Agency Humanitarian Programme. Pursuant to resolution 986 (1995) a total of 864 letters of credit for humanitarian supplies, amounting to approximately $1,247,595,359, have been approved or issued under phase I as at 15 May 1998. Also as at 15 May 1998, 1,619 payments totalling $1,136,527,071 had been made to suppliers for deliveries of humanitarian goods under the terms of their letters of credit. Pursuant to resolution 1111 (1997) of 4 June 1997, a total of 482 letters of credit, amounting to $1,158,371,822, have been approved or issued for phase II. As at 15 May 1998, 628 payments totalling

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* The 15 May 1998 data somewhat under-represent the volume of phase III processing. For technical reasons, a large number of contracts were submitted to the Committee, and most were subsequently approved, during the week of 18 May 1998.

$766,133,952 have been made to suppliers for deliveries of humanitarian goods under the terms of their letters of credit. Pursuant to resolution 1143 (1997), a total of 90 letters of credit have been approved or issued under phase III. As at 15 May 1998, 15 payments totalling $52,745,613 have been made to suppliers for deliveries of humanitarian goods under the terms of their letters of credit;

(b) $679.5 million has been allocated for the purchase of humanitarian goods to be distributed in the three northern governorates by the United Nations Inter-Agency Humanitarian Programme, as specified in paragraph 8 (b) of the resolution. Expenditures recorded for humanitarian goods approved by the Security Council Committee amounted to $420.4 million;

(c) $1,671.6 million has been transferred directly into the United Nations Compensation Fund, as specified in paragraph 8 (c) of the resolution. As at 15 May 1998, a total of $67.8 million had been allotted to cover the operating expenditures of the Compensation Commission and an amount of $1,210.8 million for payment of first, second and third instalments of "A" and "C" claims;

(d) $115.8 million has been allocated for the operational and administrative expenses of the United Nations associated with the implementation of resolution 986 (1995), as specified in paragraph 8 (d) of the resolution. Expenditures for administrative costs for all United Nations entities involved in implementing the resolution amounted to $80.6 million;

(e) $39.3 million has been allocated to the United Nations Special Commission for its operating expenses, as specified in paragraph 8 (e) of the resolution. Expenditures for the Commission amounted to $31.9 million;

(f) $241.9 million has been set aside for the transportation costs of petroleum and petroleum products originating in Iraq exported via the Kirkuk-Yumurtalik pipeline through Turkey, in accordance with paragraph 8 (f) of the resolution and in line with procedures adopted by the Security Council Committee. Of that amount, $241.4 million has been paid to the Government of Turkey;

(g) $52.3 million has been transferred directly to the escrow account established pursuant to resolutions 706 (1991) of 15 August 1991 and 712 (1991) of 19 September 1991 for the repayments envisaged under paragraph 6 of resolution 778 (1992) of 2 October 1992, as specified in paragraph 8 (g) of resolution 986 (1995).

19. The interest referred to in paragraph 18 (a) above has been used by Iraq to purchase additional humanitarian supplies in accordance with the procedures established pursuant to resolution 986 (1995). As at 15 May 1998, $58.4 million has already been allocated for the purchase of additional humanitarian supplies.

V. APPROVAL, ARRIVAL AND DISTRIBUTION OF HUMANITARIAN SUPPLIES

20. For phases I to III, a combined total of $2.7 billion was allocated to the food and nutrition sector. There have been no changes to the distribution mechanism for the food sector under phases I to III. As at 15 May 1998, a

cumulative total of 5,458,391 tons of food and related items had arrived in the country, accounting for 68.8 per cent of the total number of approved contracts. For phase I, a total of 2,764,907 tons, representing 98.83 per cent of the contracted amount of 2,797,650 tons, have arrived. Action on the final four contracts for phase I is currently under way; the Ministry of Trade has rescheduled arrival and expects that the goods will arrive in September 1998. Under phase II, 2,271,133 tons, representing 85.97 per cent of the contracted amount of 2,641,775 tons, have arrived. Under phase III, 419,674 tons, representing 16.89 per cent of the contracted amount of 2,484,620 tons, have arrived. Commodities for phase III began arriving in March 1998. During the heightened security situation in February, the distribution of the March ration was accelerated, all food agents receiving commodities by 26 February 1998.

21. As at 15 May 1998, 76 per cent of medicines and medical supplies under phase I and 25 per cent under phase II have arrived in the country out of a total of $210 million allocated for each phase. Under phase III, contracts with a total value of $72,588,379 have been approved, representing 36.29 per cent of the $200 million allocated. The pace of delivery has not changed in practical terms, increasing from 42 per cent as reported in the last 180-day report to 76 per cent at present. The average time lag for delivery is about eight months for contracts signed between January and March 1997. However, delivery time for commodities contracted under phase II came down to 3.5 months for supplies received between January and March 1998. This significant reduction in delivery times is attributable to the accelerated approval procedures and the inclusion of delivery time limits in contractual arrangements.

22. In the water and sanitation sector, $24 million has been allocated under phase I in the 15 governorates in the centre and south of Iraq, and $24.17 million under phases II and III. As at 15 May 1998, 31.6 per cent of the total allocation under the three phases arrived in the country, representing supplies worth $22,850,726. Under phase I, contracts worth $22,894,235 have been approved by the Security Council Committee. Under phases II and III, contracts worth $20,169,792 and $16,100,517, respectively, have been approved. Under phase I, supplies worth $19,413,084, representing 81 per cent of the allocation, have been delivered and under phase II supplies worth $3,437,642, representing only 14.2 per cent of the allocation, have arrived. It is anticipated that most of the commodities ordered under phases I and II will be delivered before the end of 1998. As at 15 May 1998, no supplies under phase III have arrived.

23. Of the $36 million allocated for the electricity sector under phase I, $36.2 million has been submitted and approved by the Security Council Committee; 12 applications worth $4.3 million were blocked. Equipment worth $15.9 million of approved orders has been received. All items received for use in the four thermal power stations have been distributed. Power grid cable and transformers for the distribution network have arrived and been distributed to the four facilities of the General Establishment for Electricity Distribution in Baghdad and central, northern and southern Iraq. According to the Ministry of Industry, the remaining equipment under phase I is expected to arrive during September 1998. A further $36 million has been allocated for this sector under phase II, under which 28 applications worth $43.3 million, out of the total $44.9 million submitted to the Security Council Committee, have been approved.

No application under phase II is blocked. Goods worth $1.1 million from phase II have arrived. A further $35.5 million was allocated to this sector for phase III. As at 15 May 1998, applications worth $24.5 million have been submitted to the Committee and $13.6 million have been approved. Six applications worth $6.3 million are pending. Three applications worth $4.6 million are on hold and nine applications worth $7.2 million are being processed. No phase III commodities had arrived as at 15 May 1998. Most of the commodities ordered under phases I and II are expected to arrive during 1998. Implementation programmes have started at the power plants and distribution network.

24. The total amount allocated to the agricultural sector for phases I to III was $144.15 million. For the sector, rates of submission and approval have increased considerably compared to phase II. Applications valued at a total of $64.6 million have been submitted to the Security Council Committee under phases I to III, 83 per cent of their value being approved. Phase I submissions exceeded the allocation, as additional contracts were submitted in substitution of blocked contracts. In phase II, competitive bidding between suppliers lowered the purchase price for animal health supplies by 30 per cent. The resulting funds (some $700,000) were approved by the Committee for the purchase of an additional 76 tractors and animal health supplies. Phase I delivery has almost reached its completion. The first phase II deliveries have been made, and the remaining 47 per cent of supplies are expected in the coming months. Phase III supplies, submitted for approval between February and April 1998, are yet to arrive, with 56 per cent of the allocation approved. Supplies for over 79 per cent of phase I deliveries have been distributed to the governorates and 22 per cent of these have been released to end-users and implemented.

25. In the education sector, $12 million has been allocated under each phase in the 15 governorates in the centre and south of Iraq. As at 15 May 1998, 26 per cent of the total allocation under the three phases had arrived in Iraq, representing supplies worth $9,366,329. Under phase I, contracts worth $10,950,428 have been approved by the Security Council Committee and, under phases II and III, $10,682,424 and $7,552,569, respectively, have been approved. To date, supplies worth $5,735,454, representing 47.8 per cent of the phase I allocation, have been delivered to the Ministry of Education. It should be noted that some phase I applications were placed on hold for extended periods and that under phase II there were similar difficulties. Under phase II, supplies worth $3,630,875, representing 30.3 per cent of the allocation, have been delivered. It is anticipated that most of the commodities ordered under phases I and II will be delivered before the end of 1998. The Committee has approved the majority of phase III applications, but they have not yet been executed, as funds have not been available. No supplies ordered under phase III have been delivered as yet.

Approval, arrival and distribution of humanitarian supplies in Dahuk, Erbil and Sulaymaniyah

26. Commodities purchased by the Government of Iraq for the three northern governorates of Dahuk, Erbil and Sulaymaniyah continued to arrive at the two World Food Programme (WFP) transit warehouses in Mosul and Kirkuk. By 15 May 1998, WFP indicated that a total of 622,359 tons had arrived,

representing 97 per cent of requirements. Only 50 per cent of the required amount of pulses has been received for the northern governorates, owing to late arrival in the country, and certain districts have outstanding requirements dating from February 1998.

27. Supplementary food commodities purchased by WFP with funds allocated for nutrition began arriving in January 1998. For phases I to III, a total of $20 million has been allocated to WFP and the United Nations Children's Fund (UNICEF) to address nutrition needs, particularly of groups in the northern governorates, such as malnourished children under five years of age, pregnant and nursing mothers, those in hospitals and social institutions, and internally displaced persons. As at 15 May 1998, a cumulative total of 5,835 tons had arrived under phase I, 11,176 tons under phase II, and 2,305 tons under phase III. The arrival of these commodities in January 1998 was designed to coincide with the depletion of the stocks already purchased by WFP for vulnerable groups. The caseload for the nutrition programme is approximately 225,000 beneficiaries with a requirement of 1,750 tons per month. On average, the distribution of nutrition commodities was 1,589 tons to 261,444 beneficiaries each month. The caseload fluctuates as beneficiaries enter and are discharged from the programme.

28. The distribution plan under phase I allocated $28.8 million for medicines and medical supplies for the three northern governorates. As at 15 May 1998, medicines and medical supplies worth $16,540,000 have been delivered to the three northern governorates, representing 57.43 per cent of the funds allocated under phase I. Under phase II, of the $29 million allocated, some $323,746 or 1.1 per cent of the allocation was received in the three northern governorates. Medical equipment received under phase I represents a value of $8,769,235 or 84.3 per cent of the allocated funds. Some 69.73 per cent have been distributed and, when required, installed by the World Health Organization (WHO) experts who also provided the necessary training. For water quality control and nursing education, supplies equivalent to 3 per cent and 6 per cent respectively have been received. Given delivery times, it is expected that the pace of arrivals will accelerate. Observation activities were conducted regularly, covering an average of 91 health facilities per week, to check the use of supplies and to provide support to staff in charge of drug dispensing, most of whom were medical assistants inexperienced in drug management. A training programme for 630 staff has been initiated, covering all three governorates.

29. In nursing education, WHO fielded a nursing expert and, after situation analysis, launched a series of workshops on the form and content of nursing training. Appropriate training materials have been identified and are being printed. Other training and learning materials are being acquired. A rehabilitation plan for three of the six nursing schools is being finalized and will start soon. For water quality control, WHO has fielded a sanitary engineer working on a long-term approach to quality control development. A training programme has been developed on methodologies and procedures for both bacteriological and chemical testing of water, for which part of the equipment ordered under phase II has arrived, including three vehicles, which will facilitate logistics. Provision has been made under the next phase to improve the collection of water samples and to rehabilitate laboratory facilities. Shipments have been made on a weekly basis to the three northern governorates.

Commodities are released by the central warehouse in response to WHO requests. WHO and warehouse staff are checking storage and distribution of supplies received at health facilities.

30. Under phase I, $20.2 million has been allocated to the water and sanitation sector in the three northern governorates. As at 15 May 1998, all contracts, worth $18,481,537, submitted to the Security Council Committee have been approved. Under phase II, applications worth $18,946,618 have been submitted and approved. Applications under phase III amount to $14,205,653, all of which have been approved. To date, 53.06 per cent of supplies contracted under phase I have arrived and 38.29 per cent have been distributed. Under phase II, 4 per cent and 2.33 per cent of equipment has arrived and been distributed, respectively. To date, there have been no arrivals under phase III.

31. The implementation of the programme for the electricity sector is the responsibility of the United Nations Development Programme (UNDP) and the executing agency is the Department of Economic and Social Affairs of the Secretariat. UNDP and the Department are responsible for assessing the needs of the sector in cooperation with the local authorities, purchasing all the spares and electrical equipment on a priority basis, assisting the local electricity authorities in implementing the project, observing the implementation process to ensure equitable distribution, and assessing the adequacy and efficiency of implementation and its impact. Under phase I, applications worth $20.6 million out of a total allocation of $23.27 million, including an additional $10.1 million allocated from the funds for winter heating fuel, have been approved by the Security Council Committee. Under phase II, applications for $17.6 million worth of equipment have been approved. Against the phase III allocation of $26 million, $24.6 million worth of applications have been submitted and approved. Items under phase I with a total value of $2.7 million have been delivered to the three UNDP/Department of Economic and Social Affairs warehouses in the three northern governorates. Although some supplies have already been installed, routine maintenance programmes have delayed full installation. Most of the remaining phase I commodities are expected to arrive by September 1998, while phase II equipment is expected to arrive in the first quarter of 1999. Since April 1998, a joint task force of UNDP/the Department of Economic and Social Affairs and the Office of the Iraq Programme has met regularly to review and assist the progress of implementation in this sector in the three northern governorates.

32. The objective of the first three phases in the agricultural sector has been to provide the three northern governorates with the basic, highest priority inputs, aimed at overcoming some of the major constraints impeding domestic food production, and to respond to the basic needs of small-scale farmers. The first phase I consignments were delivered in June 1997, which allowed for the timely implementation of the winter season inputs, while summer inputs were stored over the winter. These are currently being distributed with the phase II summer inputs. The Food and Agriculture Organization of the United Nations (FAO) continues to tender for phase III inputs. Distribution consists of inclusive campaigns, jointly planned with the technical departments of local authorities and farmers' unions. Implementation activities have covered the areas of crop and vegetable production, plant protection, animal health, irrigation and agricultural mechanization. Activities in the crop and vegetable production

sub-sector aimed to restore productivity through the provision of fertilizers and improved seed. Of the phase I allocation of $20.15 million, 88 per cent has been delivered, and 56 per cent distributed to end-users. Of the phase II allocation of $26 million, 41 per cent has been delivered and is being distributed according to seasonal requirements. During the 1997/98 winter season, 48,554 farmers received seeds and fertilizer assisting the cultivation of 43,547 hectares of arable land. The 1998 summer season has seen the distribution of vegetable and legume seed together with fertilizer, benefiting 30,988 farmers and covering an area of 4,000 hectares. The plant protection sub-sector was allocated 50 per cent of the total agricultural allocation under phase I. Plant pest and disease control campaigns during the 1997/98 winter and 1998 summer agricultural season benefited 80,000 farmers in 4,000 villages, providing coverage of 250,000 hectares of land. Activities also addressed the bee-keeping sub-sector, in an attempt to increase rural income and improve diet through enhancing honey production. Distributed inputs included production tools and equipment and hive-protection chemicals. In the animal health sub-sector, the programme included livestock disease control activities, reactivation of small and medium-sized poultry farms, and enhancement of backyard poultry production. All animal vaccines, veterinary pharmaceuticals and most veterinary equipment and poultry feed concentrate under the phase I allocation have been delivered. The complete supply of animal vaccines and parasiticides have been used in the vaccination and treatment of 90 per cent of the animal population against enterotoxaemia, rinderpest, black leg, sheep and goat pox, foot and mouth disease, and internal and external parasites. Phase II deliveries continue and inputs are being distributed together with phase I inputs as required.

33. $15,150,000 has been allocated to the education sector under phase I. As at 15 May 1998, contracts worth $12,748,131 million have been submitted to and approved by the Security Council Committee. Under phase II, applications worth $12,953,131 have been submitted and $12,243,131 have been approved, all of them submitted by UNICEF; no applications had been submitted by the United Nations Educational, Scientific and Cultural Organization (UNESCO). Applications under phase III amount to $10,429,838, of which $6,629,838 have been approved. To date, 50.1 per cent of supplies contracted under phase I have arrived and 34.8 per cent have been distributed. Under phase II, 1 per cent of the allocation has arrived. To date, there have been no arrivals under phase III.

34. After a very slow and difficult start to the programme, considerable progress has now been made. Phase I recruitment, training and deployment of demining teams and medical staff have been completed in the three northern governorates. Field training operational bases have been established at Choman in Erbil and at Maidan in Sulaymaniyah. Ninety-two per cent of all equipment under phase I has arrived. Training and recruitment under phase II has also begun. As at 15 May 1998, 22 per cent of all equipment under this phase has arrived. Materials, equipment, building refurbishment and operating expenses have been provided to facilitate the recommencement of operations in prosthetic workshops that were previously closed in Erbil and Sulaymaniyah. An international consultant has conducted an assessment of the requirements for a minefield and mine victims database. Planning is currently under way to conduct a region-wide survey and establish a more accurate, up-to-date and comprehensive database to show minefield maps and data on victims.

35. All contracts under phase I in the settlement rehabilitation sector have been submitted to and approved by the Security Council Committee, while 85 per cent and 100 per cent of contracts under phases II and III have been submitted and approved, respectively. Supplies under phase I worth $320,000, representing 9 per cent of the allocation, have recently arrived in the country and have not yet been delivered to the end-user. No supplies have arrived under phase II or III, but phase II projects worth $0.83 million are in progress. A range of projects is being implemented by the United Nations Centre for Human Settlements (Habitat) covering family shelters, water and sanitation systems, health centres, primary schools, village access roads, and bridges and irrigation channels.

VI. OBSERVATION MECHANISM AND ACTIVITIES

36. In my reports to the Security Council pursuant to paragraph 11 of resolution 986 (1995) and paragraph 3 of resolution 1111 (1997) (S/1997/419 and S/1997/685, respectively), I outlined the three tiers of the United Nations observation process in the food and health sectors. In my report to the Security Council pursuant to paragraph 3 of resolution 986 (1995) (S/1995/935), I described the details of the tracking mechanism as a general feature of the observation process and described the dual character of technical assistance and spot checks in the northern governorates, where the United Nations is responsible for the implementation of the programme.

37. Observation activities by United Nations personnel during part of the reporting period were restricted to day trips only, because of the general rationing of fuel in Iraq during the heightened security situation in February 1998. During that period, the Geographical Observation Unit covered food facilities, and food and flour agents and clients in Baghdad and the neighbouring governorates.

38. During that period also, WFP international observers continued to visit all the governorates except Basra, Missan, Ninevah and Salah al Deen. For those governorates, special permission was obtained from the Ministry of Trade for senior WFP national staff to collect statistics from the relevant facilities, which were subsequently verified by international observers. Observations by FAO were restricted and UNICEF activities were also curtailed to the extent that no observation was undertaken in the three northern governorates or in Basra, Missan and Thi-Qar. Visits by international observers were suspended altogether during the security-related relocation of United Nations personnel from 19 to 26 February. When normal observation activities were resumed on 2 March, all observation units had taken the necessary measures to account for the gap in observation. FAO and UNICEF intensified activities in the governorates that they had not been able to cover. WHO continued its observation, mostly in governorates that could be covered within a day, and also focused observation on warehouses and health facilities in Baghdad. Similarly, the Geographical Observation Unit intensified its activity in the following fortnight, so as to account for the one week in which observation was suspended as well as for the period in which no outlying governorates were visited. This involved observing all food facilities and interviewing 154 food and flour agents. United Nations observers have reported that the distribution of supplies continued without

disruption and that there were no irregularities during the period in which observation activities were limited and suspended.

39. In my previous report to the Security Council (S/1998/194), I noted the expansion of the Geographical Observation Unit's role into the water and sanitation, electricity and agricultural sectors, and that its role was being reviewed by its management in consultation with the Multidisciplinary Observation Unit. In accordance with the need for a strengthened observation mechanism in view of the enhanced distribution plan, a new observation strategy has been formulated for this Unit involving training by, and joint observations with, United Nations sectoral agencies. This will allow the Unit to utilize its observation capacities to cover all governorates simultaneously, providing the sectoral agencies with additional nationwide information on the status of a selected number of commodities. Greater involvement in a growing number of sectors entails an increasingly cross-sectoral and analytical approach to the observation process in general; in addition to existing observation activities, an increasing number of issues are investigated in depth and the findings are analysed in special reports. Focal points take on specific tasks in addition to regular observation activities, such as preparing and carrying out of pilot projects and drafting background papers in consultation with the Multidisciplinary Observation Unit and the sectoral agencies. These changes have served to maximize the degree of coordination and eliminate unnecessary duplication among the three tiers of the observation mechanism.

40. During February and March 1998, the Geographical Observation Unit collected information on end-user registration statistics for 1997 in the 15 governorates in the centre and south of Iraq. Apart from providing a clearer picture of changes in population entitled to the ration, this information will enable the Unit to conduct comparative observations in the food sector. Registration figures can be compared with available stocks, expected needs and actual disbursement for each distribution cycle. This will focus observation on possible discrepancies rather than expending efforts in repeated, monthly visits to all facilities. The Unit also conducted a comprehensive observation of basic intravenous fluids in March 1998 as part of its analytical functions. The exercise included elements of simple tracking but also involved gathering information on needs assessment, buffer stocks, quality control, delivery schedules, and utilization pace at end-user level. Allocation patterns and criteria were also reviewed. Data on contract submission and approval will be incorporated to give an overall picture. Such an integrated and comprehensive approach to observation will enhance efficiency of the observation process itself and allow for more focused readings and analysis of the effectiveness, adequacy, and equity of commodities provided for under resolution 986 (1995).

41. Furthermore, a three-month plan for observation is being finalized whereby, in consultation with the sectoral agencies, all United Nations observation activities undertaken are planned and coordinated more effectively.

42. During the period under review WFP observers undertook 11,320 observation visits. WFP international observers also participated in the Nutrition Assessment Survey conducted by the Ministry of Health and UNICEF in March 1998. The survey was designed to assess the nutritional situation of children under five and mothers of children under two years of age. WFP observers were present

at 90 per cent of the health facilities used in the survey to observe that the methodology was applied consistently. WFP training sessions were designed to improve the skills of international and national observers and to standardize and enhance accuracy in data collection. Quality checks on the work of observers and data entry personnel were also conducted periodically.

43. As at 30 April 1998, WHO observation teams have conducted a total of 919 visits to the 15 governorates of the centre and south of Iraq, with an average of approximately 230 visits per month. In the course of each visit, items selected for tracking are verified physically and against the relevant documentation. In February 1998, WHO introduced changes to its observation procedures and adopted methods designed to maximize its analytical assessment of the effectiveness and adequacy of the programme. Analysis of observation findings continues to be followed up by meetings with the relevant health authorities, at which corrective measures concerning stock management, distribution and logistical problems are discussed. WHO has also sought to identify and eliminate bottlenecks which restrict distribution from the central warehouses of the Iraqi State Company for Importation of Drugs and Medical Supplies (Kimadia).

44. In the water and sanitation sector, UNICEF undertook 742 visits to various project sites in the 15 governorates. Observers visited water and sewage treatment plants, sewage pumping stations, compact units, water boosting stations and warehouses to track the delivery, distribution and utilization of liquid chlorine gas, spares and equipment. Observers have reported that 100 per cent of the chlorine gas received by the water authorities was observed at the warehouse and project site level. Observers also visited 70 per cent of the 500 sites in the centre and south that received other commodities. The distribution and utilization of liquid chlorine gas is monitored daily by UNICEF observers and the relevant details are entered into a database that provides a routine profile for all commodities entering the country under this sector.

45. Owing to the low level of implementation in the electricity sector, observation visits continue to consist of pre-installation visits to facilities that are designated to receive commodities under the programme, namely power plants, distribution and transmission substations, warehouses and selected implementation sites. UNDP and the Department of Economic and Social Affairs have finalized the necessary criteria and methodology for observing the implementation of the programme in the three northern governorates. The system is designed to ensure that appropriate measures are adopted for tracking items. Pre-installation visits are undertaken to confirm the need and appropriateness of the requested commodity. Post-installation visits are made to ensure that installed equipment meets the intended purpose and is functioning reliably within the electrical network. Discussions have been held between the United Nations and the Government of Iraq, both in New York and Baghdad, on the survey of Iraq's electricity sector as required by resolution 1153 (1998). The Government of Iraq has maintained that its Central Planning Office is fully aware of the problems of the electricity sector and has stated that such a study in the 15 governorates is unnecessary. Therefore, to date, I have been unable to fulfil the Security Council's request, contained in paragraph 11 of resolution 1153 (1998), to report to it on the state of Iraq's electricity sector and requirements. Nevertheless, the provisions for electricity under the

enhanced distribution plan explain the Government's objectives and how these match the anticipated increase in power generation capacity/output (680 megawatts). The Government has stressed that actual procurement will be carried out with a view to the most urgent requirements at the time. With regard to the three northern governorates of Dahuk, Erbil and Sulaymaniyah, a study is being undertaken and its results will be reviewed with the Government.

46. In the agricultural sector, FAO has carried out 225 observations during the reporting period, covering all the storage facilities in Baghdad and the 15 governorate capitals, and a 30 per cent sample of all district stores. The observation mechanism tracks all delivered supplies through records and physical count checks. Spare parts are tracked using a selection of high-value items of critical significance within the sector, as tracking each spare part is impossible because of the volume and range of spare parts involved. A total of 826 end-users have been interviewed as part of a FAO rapid assessment survey in the four indicator governorates of Baghdad, Kerbala, Missan and Ninevah.

47. In the education sector, UNICEF and UNESCO observers have maintained full coverage of all commodities delivered to the four central warehouses of the Ministry of Education. UNICEF observers conducted 24 observations at warehouse and school levels within Baghdad. UNESCO has made 60 observations of warehouses, schools and transformation centres.

VII. FINDINGS ON EFFECTIVENESS, EQUITABILITY AND ADEQUACY

A. Food/nutrition

Effectiveness

48. An analysis of the programme in the food sector has indicated an increase in the efficiency of implementation. Performance indicators have shown that the length of time required for the approval of contracts has been reduced. According to figures provided by the Ministry of Trade, this has been reduced from 68 days for contracts under phase I to 26 days for contracts under phase II. Similarly, with regard to the distribution system in Iraq, arrival figures obtained from the independent inspection agents indicate that the length of time required for commodities to be delivered from the points of entry to governorate warehouses has also been reduced, with deliveries of wheat flour, by far the largest commodity in both volume and tonnage, taking between three and four days. Of a total 2,613,595 tons of wheat grain that have arrived at Umm Qasr, about 500,000 tons have been transported by rail. United Nations observers note that handling and processing losses remain within the acceptable limit of 2 per cent at all points on the distribution chain. This acceleration in the arrival of food supplies has seen the distribution of a more complete ration basket (see annex III). Record keeping by food and flour agents was noted to be generally satisfactory.

49. Despite an increase in the effectiveness of the food sector, the erratic supply of commodities has continued, resulting in missing, delayed or reduced items. Pulses and infant formula have been most affected by delays in arrival and reduction in quantities distributed since the beginning of the programme.

As a result, warehouses have supplies for certain commodities covering more than one distribution cycle but face shortages of other items. This continues to make efficient planning difficult at each level of the food distribution chain. Warehouses cannot plan their distribution schedules effectively and food agents continue to make more than one trip to warehouses to complete their allocation. The greatest hardship due to erratic supply of food commodities continues to be borne by the poorest beneficiaries, many of whom do not have the means to supplement their food rations by buying in the market place and say that they plan to make their ration last 30 days. Warehouse commodity shortages were sometimes met by drawing on government stocks, as was the case for infant formula in March and rice in April.

50. In the first week of March, geographical observers visited all 20 silos in the 15 governorates and reported that two of them experienced delays and stoppages due to frequent power cuts and a lack of spare parts. Those stoppages did not affect the schedule of distribution to the mills, however. Observers also visited 81 per cent of all mills in the centre and south and reported that 33 per cent had experienced similar mechanical and power supply problems. Furthermore, 27 per cent had suffered a two- to six-day delay in flour production. Ten per cent reported that those delays resulted in a three- to four-day delay in the distribution of flour. The lack of spare parts meant that many existing parts had to be replaced by locally manufactured, modified or second-hand spare parts, all of which have short life spans and reduced milling capacities. Two mills in the Babylon governorate and one mill in Baghdad, designated under the programme to receive flour, have had to close down indefinitely because of such mechanical problems.

51. The Geographical Observation Unit continued to receive complaints about the quality of infant formula. Owing to the insufficient stock of infant formula, warehouses were forced to issue the required quantity divided evenly between Formula 1, meant for children under six months of age, and Formula 2, meant for children over six months of age, regardless of the number of infants in each age group.

52. The Geographical Observation Unit's analysis of ration registration statistics showed that the registered adult population had increased by 511,140 beneficiaries in the 15 governorates over 12 months. The relative annual increase was 2.8 per cent on average. The increase was highest in Missan (5.4 per cent) and lowest in Diyala (1.68 per cent). The average monthly increase was 0.25 per cent. These percentages also reflect an average annual increase based on monthly increase in demand for items comprising the food basket. The infant population registered for rations has increased at the average monthly rate of 10.8 per cent for the period from June to December 1997. This high increase is partially a reflection of the decision by the Ministry of Trade that, from May 1997 onwards, the infant formula ration would be mandatory for all children under one year of age. After the initial steep increase caused by this administrative change, the trend now follows the natural increase of the population.

Equitability

53. Tracking by United Nations observers from the port of entry to the governorate warehouses has confirmed that available in-country stocks were distributed equitably to the population. The methodology used by WFP to determine this is based on monthly visits to an average of 640 households randomly chosen in each governorate to conduct spot checks at the end-user level. No anomalies have been reported by any United Nations observers. Close attention continues to be paid to any notable changes in registration patterns and the impact of administrative orders. On 14 May 1998, the Office of the United Nations Humanitarian Coordinator was informed that Iraqi citizens who had moved from the three northern governorates of Dahuk, Erbil and Sulaymaniyah to new domiciles in the 15 governorates in the centre and south will henceforth be eligible to receive the ration provided for under resolution 986 (1995) upon completion of the established registration procedures and having proved residence in the new location for at least six months.

54. Since, prior to March 1998, insufficient supplies in the WFP warehouses in the three northern governorates were not complemented by national reserves as in the 15 governorates in the centre and south, geographical observers noted instances of unequal or incomplete distribution of certain commodities in some districts, which were in particularly short supply because of delayed arrival. Distribution by WFP is undertaken by district and some recipients have still not received their full entitlements of pulses.

Adequacy

55. During the reporting period, owing to a shortage of in-country stock, only in March 1998 did the food basket contain the full ration for all commodities other than infant formula, whose shortfall was made up from stocks purchased independently by the Government of Iraq. In December 1997 and April 1998, while the food basket was supplemented by the Government, a reduced ration was distributed. As from March 1998, the Government has made available to the three northern governorates national stocks to supplement shortages in the food basket. Previously, reduced rations had been distributed in the three northern governorates, causing major concern.

56. Household spot checks conducted by observers indicate that for more than half of the households checked, depending on the commodity, the ration lasts for an average of 20 days. The general effect on household and nutritional requirements can be seen in the fluctuation of market prices for commodities provided in the ration basket. These prices have been found to decline when the full ration is distributed. Beneficiaries continue to complain about the inadequacy of the food basket, requesting an increase in the quantity provided and the addition of animal proteins, such as meat and milk for adults. There was, however, general satisfaction with the quality of commodities provided in the ration basket. International observers received complaints regarding dermatological problems caused by one brand of soap provided in the first three months of the reporting period but none has been reported since March 1998.

57. Preliminary results of a nutritional status survey of 15,804 children conducted by the Ministry of Health, UNICEF and WFP during the Polio National

Immunization Days of 16 to 18 March 1998 indicate that the nutritional situation of children under five remains unchanged since the previous survey, in March 1997. The most recent data collected indicate that approximately 27 per cent of children were suffering from chronic malnutrition, 9 per cent suffering from acute malnutrition and 24 per cent were underweight. Results from the survey in 1997 showed that 27.5 per cent of children were suffering from chronic malnutrition, 8.9 were suffering from acute malnutrition and 24.7 per cent were underweight. It should be noted that these results are extrapolated from data on children presented for immunization, most of whom were under one year of age.

58. The results of the most recent survey reinforce the importance of water and sanitation for the nutritional status of the population. Substantial improvements in nutritional status cannot be expected until there is a corresponding improvement in related areas that have an effect on nutrition. An area of concern remains the distribution of infant formula, which has replaced breastfeeding. Water supplies used to prepare the infant formula are often untreated, drawn from wells, streams and dams, and are found to contribute to diarrhoeal disease, one of the most important contributing factors to malnutrition in children. This was confirmed in the UNICEF Multiple Indicator Cluster Survey in August 1996, which indicated that 50 per cent of rural households draw water from untreated sources. The results of these surveys demonstrate the need for a multisectoral approach to the problem of malnutrition and the need for the enhanced humanitarian programme to reduce concentration on food intake, and spread limited resources to other sectors requiring urgent attention if further deterioration in the nutritional status of the population is to be prevented.

59. A random sample household survey was conducted in the three northern governorates by the regional health and social welfare authorities with UNICEF support in November and December 1997. A total of 30 clusters per governorate were included, each cluster including 25 households. The survey included an assessment of the nutritional status of 2,328 children under five years of age. Results have shown that the nutritional status of this age group continues to be serious, with 30.3 per cent of children interviewed suffering from chronic malnutrition, 3.1 per cent suffering from acute malnutrition and 15.9 per cent underweight.

60. The distribution of commodities under the nutrition programme implemented by WFP and UNICEF in the three northern governorates effectively began in January 1998. Two projects are being implemented, one for children under five and one for pregnant and nursing women. Although it is too early to assess fully the impact of these programmes, the number of people who have already been drawn into the health care system indicates the potential of such programmes. In April 1998, in the 15 governorates, WFP began to implement a programme for malnourished children under five in cooperation with the Iraqi Red Crescent Society. This project, which replicates that in the northern governorates, is dependent on donations from the international donor community.

B. Health

Effectiveness

61. An analysis of 2,096 items in the health sector under phase II indicates that contracts have been approved within an average of 11 days from the date of submission. A similar study of 62 items under phase III indicated that this figure has been reduced to seven days. Delays in delivery have been reduced significantly under phase II also. Under phase I commodities contracted in January 1997 were delivered within an average of 265 days, while those contracted in April 1997 were delivered within an average of 207 days. Under phase II supplies delivered in January 1998 arrived within an average of 101 days from the date of signing the contract. The delay was within the same order of magnitude until the end of April 1998. Through the introduction of better contracting procedures, including time limits for suppliers, contract approval has been speeded up. The number of batches has been dramatically reduced under phase II and for items received to date there has been an average of two batches per contract. However, the central quality control laboratory suffers from shortages of laboratory animals and biological reagents, as well as the failure of suppliers to include reference substances and instructions on test and analysis procedures. The laboratory also faces a shortage of specialized equipment that has yet to be approved, as well as an insufficient number of trained staff. Efforts are being made to accelerate approval of the required equipment. In phase III, the time required for quality control testing has remained stable, notwithstanding equipment deficiencies. According to WHO assessments, this has not affected the distribution of supplies with the exception of the initial release of intravenous fluids. Further efforts are under way to expedite quality control testing.

62. Bottlenecks in distribution remain despite the Ministry of Health's removal of the requirement that supplies which have passed quality control must obtain approval from a weekly drug committee before release. These problems relate to poor logistics, the absence of proper warehousing, inadequate management tools and a lack of staff support and training. In May 1998, a United Nations survey of 10 per cent of health facilities, including 114 health centres and 47 hospitals, showed that there has been a consistent increase in the number of drug and medical supply items over the past three months. However, distribution continues to be hampered by lack of communication facilities between central warehouses, governorates and health facilities. To date, WHO has established electronic links with some central warehouses and is planning to establish comparable links with governorates, where feasible, in order to facilitate the flow of information on arrivals. This is expected to streamline the distribution of commodities.

63. Analysis of orders under phase III shows that smaller quantities of general medical equipment and disposable supplies have been ordered than in previous phases and that greater attention has been given to cytotoxic drugs and radiology supplies. There has been no obvious change concerning general drugs. It is extremely difficult for the Ministry of Health to implement prioritized drug procurement practices in the prevailing situation; a number of dilemmas confront the Ministry, including the lack of buffer stocks which could make alternative drug choices possible. WHO has made efforts to establish a database

for the Ministry of Health which would provide a cumulative analysis of phases I to III, thereby giving a firmer basis for policy decisions on procurement. WHO continues to stress that even in the present situation with limited funds available, while the choice for the Ministry of Health between the essential and the necessary is difficult, it should be attempted nevertheless.

64. To identify the quantity and range of drugs required for cancer, chronic diseases and communicable diseases, Kimadia uses information from the Ministry of Health Statistics Department, programme managers and governorate departments of health. However, this has not proved to be effective because of poor diagnostic capability, lack of support to the data collection system, under-reporting of cases (partly linked to the fact that the burgeoning private health sector has ceased to report any epidemiological data to the Ministry of Health) and the mismatch between reported requirements and available funds.

65. As part of the effort to obtain more reliable statistics on distribution, the Geographical Observation Unit conducted a special observation which established the average distribution time for three types of intravenous fluids. This was estimated at 43 days per distribution cycle within the country. There have been seven such cycles from the beginning of the distribution of supplies under the programme until February 1998. The average time per cycle includes quality control procedures (17 days on average), as well as time required for transport and distribution at different levels in the distribution chain to the end-user facility in all governorates (26 days on average). Contract approval time for one of the applications for basic intravenous fluids was 10 days. Actual delivery to the country after contract approval, including production time, took an additional 88 days. The same observation established that the emergency stock for the three types of intravenous fluids was below the expected total quantity received.

66. Rationing is now rarely reported in the three northern governorates for most drugs, although shortages remain for specific items. However, in the 15 governorates in the centre and south, the practice of drug rationing is still widespread because of the limited quantity or range of drugs available at any given time. Outpatients in hospitals and health centres are allocated a daily ration of whatever is available in the facility. Once this ration is distributed, the dispensation of drugs stops until the following day irrespective of needs. An adequate supply of drugs for chronic diseases is ensured through the chronic disease ration card system. In general, the distribution system has not returned to the pre-1990 state of supply and demand. Distribution is still based on a quota of whatever supply arrives and according to periodicity of use. Warehouses receive neither advance information on arrivals in the country nor feedback from health facilities on their state of drug consumption or stock available. All these constraints mitigate against improvements in drug prescription. Moreover, training needs have not been addressed and there is no access to new medical knowledge or drug information. Mechanisms to remedy this situation are being developed. WHO observers have started to share information with warehouses and health facilities visited on the availability of at least those drugs which they are tracking. In due course, warehouses at the governorate level and health facilities will be informed of expected arrival dates.

67. The current buffer stock, consisting of a 5 to 10 per cent reserve, has been designed to cope with emergencies and has assisted in ensuring the availability of needed items. However, its use has been hampered by limited communication capabilities in the public health sector and by Kimadia's lack of modern inventory management and data-processing tools. In addition, given uncertainties on arrivals, the buffer stock is increasing but individual stock levels continue to vary. While it would eventually help in meeting needs while replacements for depleted items arrive, WHO has indicated that a more substantial reserve is the only practical solution to the procurement cycle with a delay of some four to five months before the start of arrivals.

Equitability

68. For each item received, the Ministry of Health issues a distribution plan for all governorates using a variety of parameters. For general-use items, population is given the highest weight. By contrast, some items are distributed only where used, such as cancer drugs or supplies for cardiac surgery, orthopaedic surgery and intensive-care units. United Nations observers have not identified discrepancies between governorates or health facilities of the same type at any given time. However, one exception is the situation of health centres located in remote areas, which usually suffer from major communication problems. These centres do not receive or collect supplies on a regular basis and are usually one month behind distribution elsewhere, owing to the acute lack of transport. Furthermore, because they are not staffed by doctors, they do not receive special drugs and supplies needed in emergency cases, such as road traffic accidents.

69. A similar situation applies to health centres close to roads with heavy traffic. They are faced with increased shortages since they deal with a larger number of emergencies. Because of the lack of ambulance services, these centres are often the only source of first aid. They receive their supplies according to a standardized list and they are not allocated supplies on the grounds that they deal with emergencies. The recent survey of health facilities showed that road traffic accidents rank third in the top five emergencies. WHO has raised the question of the need for appropriate supplies and training with the Ministry of Health but it seems that any change in the relevant regulations is unlikely at this time.

70. The situation with regard to the supply of drugs for chronic diseases is in general much better than that for drugs for general use, though the May survey indicated a 25 per cent increase in the number of consultations related to chronic diseases. There are satisfactory quantities of drugs for some diseases but not for others. The quantity of insulin ordered under phases I and II meets only 76 per cent of the needs for one year, based on an average of 20 IU per patient per day; hypoglycaemia tablets ordered under phase II meet about 25 per cent of the annual needs of non insulin-dependent diabetics; five anti-epilepsy drugs ordered under phases I and II meet annual needs ranging from 9 per cent to 87 per cent, depending on prescription habits.

71. With regard to communicable diseases, initial assessment of the adequacy of medical supplies is inconclusive. The quantity of chloramphenicol imported under phases I and II for specific typhoid treatment covers more than

250 per cent of needs based on the number of reported cases, bearing in mind that this is almost certainly under-reported. Since March 1998, United Nations observers have reported a shortage of this drug. However, after checking, it was found that the total quantity of chloramphenicol which arrived only in April had not yet been distributed. One reason for the under-reporting of cases is that only cases confirmed by specific laboratory testing are reported. On the other hand, the general shortage of all types of reagents has limited the public health sector's ability to undertake regular testing. Private clinics do not report all cases and activities.

72. Since the first distribution of supplies to private sector pharmacies in August 1997, the allocation of general drugs has been based on a defined quota according to population density and the number of pharmacies. The quota or shares are allocated on a monthly basis and according to the availability of items. Officials of the Ministry of Health and the Syndicate of Iraqi Pharmacists state that retail pricing is under control, as may be evidenced by the fact that more than 400 out of 2,650 pharmacies had their licences revoked for a month in 1997 for overcharging. In January 1998, the allocation criteria were restricted to the number of pharmacies. This has led to an increase in the proportion of supplies allocated to Baghdad. Whereas, hitherto, private pharmacies in Baghdad received 32.9 per cent of supplies for approximately 29 per cent of the Iraqi population, this has now increased to 40 per cent. The Ministry of Health is aware of this and will review allocation criteria.

73. Under phase I, the private sector has to date been allocated supplies worth about $14 million, as calculated from Kimadia allocation plans, and, under phase II, it has been allocated about $3 million worth of drugs. On average, the sale price to the private sector is 18 per cent of the procurement cost and medicines are sold to the public at 25 per cent of their actual cost. In January 1998, the Ministry of Health attempted a rationalization of pricing and, from a sample of products distributed through the private sector, prices rose between 128 per cent and 3,400 per cent. This rather extreme increase reflects the fact that prices had previously been based on the official pre-1990 exchange rate and that the correspondingly low prices were unworkable because they were frequently below the lowest denomination note (25 Iraqi dinars) in use. A recent survey revealed no significant level of discontent, only 5 per cent of pharmacists being prepared to complain about the price increases. It should be noted that the price of medicines is rather symbolic in public clinics and in health insurance clinics and is considerably below their real market value. However for certain items such as some very expensive injectable antibiotics, Government policy seeks to discourage their inappropriate use when locally produced alternatives are available (provided either free or at minimal cost) and to ensure that they are available only through hospitals. The yields from sales to the private sector are used to pay incentives for staff or for urgent maintenance of hospitals and other health facilities.

74. The first distribution of medicines to the private sector in August 1997 included nine items. In March 1998 the share distributed included 147 items. From October to December 1997, there was a three-month break in the supply of items to private pharmacies as available quantities were provided only to public and health insurance clinics. A sample survey covering 126 (10 per cent) private pharmacies in the five urban districts of Baghdad was conducted at the

end of April 1998 to assess the situation in this private sector. The survey showed that 90 per cent received their share of March items. About 50 per cent of the pharmacies declined to receive one or more items, mostly because they had enough stock (confirmed by review of their records) or because the items were not frequently prescribed by doctors in their area. The most important finding was the correlation between shortages in the public and private sectors. Of the pharmacies surveyed, 95 per cent were keeping proper records for supplies provided for under resolution 986 (1995).

Adequacy

75. To date, observers have reported that most items were not available in adequate quantities, so that patients were left either without prescribed medicines or, worse, received only part of the recommended treatment. The practice of drug rationing continues throughout the 15 governorates, particularly in health centres and hospital outpatient departments, but hospital inpatient and emergency services are not practising drug rationing. This indicates a positive change. An analysis of the adequacy of antibiotics in January 1998, at eight hospitals in four governorates, shows that, on average, only 20 per cent of patients received the prescribed antibiotics. A similar analysis for the period from January to March 1998 showed adequacy at an average level of about 26 per cent for intravenous fluids in hospitals and about 15 per cent for antibiotics in health centres. However by the end of April an improvement of the situation was noticeable in observation reports.

76. The impact of the increased flow of drugs and medical supplies into Iraq is varied. The number of laboratory tests and hospital admissions in the second half of 1997 is greater than that in the first half of the year. Similarly, the May survey showed a 13.8 per cent and a 28.4 per cent increase, respectively, in medical and surgical admissions as compared to the same period in 1997. On the other hand, quantities of surgical supplies and equipment have continued to reach hospitals but the limited range of available items is still a restricting factor for surgical procedures, which require dependable and diverse support systems. From 1993 onwards, the average monthly number of surgical operations has not significantly changed, only a small decrease in the first quarter of 1997 being linked to a decrease in the flow of international aid in anticipation of the implementation of resolution 986 (1995). This has been confirmed by the May survey which did not show any increase in the number of major surgical procedures over the same period. The 52,382 surgical procedures performed in 1997 were largely emergencies, while routine work was deferred, that is, there was no significant change from 1996. It seems that the shortage of surgical supplies in the public sector has encouraged some patients to seek treatment in the private sector, in spite of the relatively high costs. In WHO's assessment, any real increase in capacity for surgical procedures will depend on significant additional support for the health sector. Nevertheless, the May survey found a 114 per cent increase in health centre attendance in the three northern governorates; in the 15 governorates in the centre and south of Iraq there was an 11 per cent increase compared with the same period in 1997. In medicine and health, increased attendance generally reflects greater satisfaction. The May survey showed that 50 per cent of those interviewed received the full prescribed treatment as compared with 39 per cent in November 1997. The percentage of patients leaving a health facility without any of the prescribed drugs dropped

from 28 to 15 per cent. On average, 74 per cent of patients felt there had been an increase in the availability of drugs over the last three months. However, physicians in these facilities stated that, on average, they had only 34 per cent of the drugs they needed to prescribe for the 10 most common diseases.

77. From 2 to 12 November 1997, in consultation with the Ministry of Health, WHO conducted a survey on the availability of medicines and medical supplies provided under the terms of the Memorandum of Understanding. A total of 54 health facilities in eight governorates were covered (five in the centre and three in the north). At the time of the survey it was estimated that approximately 30 per cent of the items that had arrived in the country under phase I had been distributed.

78. Another survey with similar objectives was conducted in April 1998. A joint programme by WHO and the Geographical and Multidisciplinary Observation Units was agreed upon and the survey, undertaken in consultation with the Ministry of Health, covered all governorates. A total of 165 health facilities were visited, including 47 hospitals, 69 health centres with doctors and 49 public and health insurance clinics. The facilities were randomly selected to cover both rural and urban areas. At each facility, a questionnaire answered by medical staff provided data on, inter alia, patient attendance, supplies of medicine and services provided as well as details of utilities. In addition, at each unit, 10 outpatients were interviewed.

79. Medicines and supplies are now arriving with increasing frequency. It is likely that this will continue given the improvement in contractual arrangements which set time limits on deliveries. However, in a constrained resources environment, it is unlikely that the requirement for basic medicines and supplies will be met, particularly because under the present arrangements there will always be a four- to five-month gap between the approval and the availability of supplies. The system suffers from a fragile information base and is weak in terms of logistical, administrative, organizational and communication support. These are serious constraints in the task of rationalizing and prioritizing procurement and distribution, both fundamental in the provision of basic medicines.

80. Drug rationing is no longer regularly practised in the northern governorates of Dahuk, Erbil and Sulaymaniyah. However, while neither the entire range nor quantity of required drugs is yet available, other items are overstocked. There continues to be no coordination by the local authorities with regard to the direct distribution by non-governmental organizations to health facilities although local authorities are seeking to encourage such organizations to bring in only drugs that are required. For specialized treatment, a large number of patients are referred to Baghdad, which is usually the only centre in the country for a wide range of specialized services. Some hospitals have reached their maximum storage capacity and are now being selective in the items they require. Many health facilities have stocks of certain items, often because they receive donations directly from other sources. WHO encourages these facilities to send their surplus to the warehouse and order only items needed. A problem of over-consumption of medicines has been noted and the level of attendance varies with the arrival of drugs. To alleviate

this, WHO has encouraged authorities to adopt the use of drug cards as a control on drug prescription and use. This measure will be implemented during the next quarter. Nevertheless there are still shortages in many single drugs and medical supplies.

C. Water and sanitation

Effectiveness

81. UNICEF reports that all of the equipment delivered to the water authorities has arrived at the warehouses undamaged. However, items worth over $300,000 from three orders, including electrical motors and bleaching powder, were not delivered in accordance with the specification agreed upon between the Government and its contractors. This matter is being followed up by the Government of Iraq with the United Nations.

82. As at 15 May 1998, 22 contracts, representing supplies worth $19,414,063, had arrived in Iraq under phase I. On average, it took 57 days for those contracts to be approved by the Security Council Committee after submission, whereas it took 175 days for the supplies to reach Iraq after Committee approval. Under phase II, a marked reduction in the length of the approval procedure was noticed: on average, it took 23 days for the Committee to approve contracts after their submission. It is not yet possible to estimate the time between the approval and the delivery of supplies under phase II, as only 8 per cent of the supplies under the approved contracts have reached Iraq so far.

83. Only 29.6 per cent of the supplies ordered under the three phases have been delivered to Iraq so far, 12.3 per cent of which have reached the water project sites in the 15 governorates of the centre and south; no supplies have yet arrived for phase III. The remaining supplies ordered under phase II are expected to arrive by the end of November 1998; phase III supplies are not expected to arrive before March 1999. The rate of distribution and installation of supplies varies from one governorate to the other. For example, in Tameem and Salah al Deen governorates, only 18 per cent of the supplies delivered have been distributed to project sites, whereas in Wasit and Thi-Qar governorates almost 90 per cent of the supplies delivered have been distributed. On average, for the 15 governorates including Baghdad city, 58 per cent of the supplies delivered to local warehouses have been distributed to project sites.

84. Of the 2,750 tons of liquid chlorine gas ordered by the water authorities under phase I, 2,082 tons, representing 76 per cent, have been delivered so far, and 630 tons utilized. The complete shipment of 1,250 tons ordered by the General Establishment for Water and Sewerage was delivered and distributed throughout the 15 governorates in accordance with the allocation plan over a period of 137 days, representing an average of nine days per consignment. For the remaining 1,500 tons ordered by the Baghdad Water and Sewerage Authority only 830 tons, representing 55 per cent, have been delivered to date since the first shipment in September 1997.

85. The chlorine utilization rate of the Baghdad Authority is higher than that of the General Establishment for Water and Sewerage; it has already used half of the chlorine delivered, compared with the General Establishment's utilization of only 20 per cent. This is largely due to the technical characteristics of the Baghdad network, which supplies some 5.5 million inhabitants (29 per cent of the population). The network draws water directly from the river and uses chlorination both to treat the water and to clean the network itself. Its major plant, serving 3.5 million inhabitants, uses a pre-chlorination system which increases chlorine utilization by 50 per cent but saves on maintenance required by plants that are not designed to operate in this way. Chlorine consumption varies between governorates. Of the 69 chlorine cylinders delivered to Kerbala governorate, 49 have already been used (71 per cent). In Babylon governorate, of the 96 cylinders delivered, only 7 have been used so far (7 per cent). In part, differences can be attributed to the existence or lack of alternative supplies. For example, treatment plants in Babylon had received chlorine supplies from the regular UNICEF programme and from inputs obtained through Jordan which are still being utilized. Kerbala, however, has used all previous supplies.

86. The very poor condition of the water network, which suffers from frequent breaks and leaks, especially in southern Iraq, can result in contamination after disinfection of the water, which reduces the efficiency of the service.

87. Assessment indicators were developed to evaluate the impact of the programme on the quality and quantity of water produced. On the basis of figures provided by the Ministry of Health and WHO, UNICEF is undertaking a monthly comparison between the level of water contaminated in each governorate and Baghdad city both before and after the delivery of disinfectants and coagulants (chlorine gas and alum sulphate). So far, the assessment has shown that the contamination level of the water produced in Baghdad city decreased substantially (from 8 to 3 per cent in five months), which can be linked to the high utilization of chlorine gas by the Baghdad Authority. The most substantial decrease is noticed in Thi-Qar governorate, namely, a fall of 40 per cent in contamination between October 1997 and February 1998: this also appears to be linked to the high level of distribution in Thi-Qar. However, these water quality results should be regarded as indicative of trends rather than as absolute results because, as with other aspects of the water treatment network, the monitoring service faces a range of operating difficulties which adversely affect the reliability of the results.

88. UNICEF observers and engineers reported an increase of 10 to 30 per cent in the quantity of water produced in some water treatment plants where pumps have already been installed. However, it is too early to provide a country-wide assessment as the level of implementation of the programme is still very low.

89. Obstacles which limit the impact of supplies delivered to date relate to staffing problems, resource constraints and technical problems of the network itself. There is a serious lack of qualified staff, following the loss of a significant, skilled foreign workforce at the time of the Gulf war and further losses since then. Although Baghdad retains many of the more qualified staff, the water authorities generally suffer from shortages of the required range of technical expertise, special tools needed to install equipment, and sufficient

cash allocations for the water and sewerage directorates in the governorates. The Government has reported that it has taken measures to provide Salah al Deen governorate with the financial support needed to complete the installation of equipment, as the General Establishment for Water and Sewerage is self-financing. As reported previously, the majority of the pumps are not yet installed in the water treatment plants because of this limited implementation capacity. Under phase I, the water authorities estimate that the Baghdad Authority needs 500 million dinar to ensure an effective installation of supplies ordered and the General Establishment for Water and Sewerage needs 650 million dinar. Currently the water authorities appear to be operating on less than 10 per cent of their 1990 budget.

90. The water network itself suffers from systemic problems caused by the difficulty of maintaining pressure in the network when householders use domestic water pumps to draw water up to retaining tanks, thereby creating negative pressure which permits cross-contamination from floating sewage. The network suffers from a range of breaks; while the major ones can be generally identified, tertiary ones are extremely difficult to locate. The presence of many surface breaks is also a cause of cross-contamination in the system. In Baghdad at present losses from these breaks constitute 50 per cent of production; unauthorized connections to the network represent a further 10 per cent loss. Systematic repairs and planned maintenance have been impossible with the limited volume of supplies delivered to date.

Equitability

91. In general, commodities delivered to the governorates and Baghdad city have been distributed in accordance with the distribution plan. Several items were distributed to project sites which were not originally in the distribution plan, but UNICEF was informed by the relevant water authorities as required by the Memorandum of Understanding. These changes were directly linked to delays in delivery. Some water project sites, designated 18 months ago, have already received urgently required equipment from alternative sources.

92. The requirements listed in the distribution plans for phases I to III were based mainly on surveys conducted by UNICEF and its implementing partner, CARE Australia, at all 1,700 water and sanitation project sites throughout the 15 governorates in the centre and south of Iraq and Baghdad city. The UNICEF and CARE Water and Sanitation Coverage Survey conducted in 1997 provides detailed information for each governorate, district and sub-district in rural and urban areas, such as the number of people served by water, and the water supply in cubic metres per day and in litres per capita per day. The survey also identified and prioritized equipment required by projects, classified them in order of importance and entered the results into a database developed by UNICEF.

Adequacy

93. For the 15 governorates, UNICEF estimates that a minimum of $500 million is required to restore the existing water and sanitation sector to an acceptable operational level. Consequently, only 12 per cent of the overall immediate requirements are covered by phases I to III. The primary objective has been to enhance the quality of water produced by the existing plants. Preliminary

analysis suggests that this has been achieved in Baghdad city and several governorates by improved water treatment using coagulants such as alum sulphate and effective disinfection through the use of chlorine.

94. It is too early to assess the improvement of production performance at water project sites because of low installation rates for equipment and spares delivered to date. However, in the water treatment plants where pumps have already been installed, an increase in production of some 10 per cent was reported.

95. The third objective, an 8 per cent improvement in water distribution, could not be achieved because 96 kilometres of pipes and fittings have only recently been delivered and have not yet been distributed to governorates.

96. The distribution plan also sought a 7 per cent improvement in the sewage disposal system through the provision of 47 sewage tankers and 12 jetting vehicles; this has not been fully met because the sewage tankers have not yet been delivered to the water authorities. Nevertheless, a rapid assessment of the impact of the jetting vehicles delivered to date to the Baghdad Water and Sewerage Authority showed that obstruction of the network decreased by 20 per cent in Baghdad. The vehicles were used seven days a week. Two vehicles were given to the Baghdad Directorate for Sewerage, and one vehicle to each of the nine municipalities of Baghdad, except Saddam City which received two vehicles because it has the highest population and faces considerable sewage problems. Although further improvements are expected in unclogging the sewers, the Baghdad Authority intends to purchase more vehicles under the enhanced distribution plan to remove all sewer obstructions. However, it should be noted that this will only prevent sewage from building up in residential areas. Rehabilitation of the sewage treatment system is urgently needed to stop the widespread current practice of dumping untreated sewage into rivers.

97. The inputs provided under phases I to III have not halted the overall deterioration of the water network. Numerous breaks and leaks are largely responsible for the fact that improvements in water quality and quantity reported at project site level are not always experienced by end-users. Moreover, frequent power cuts prevent equipment from functioning optimally. However, UNICEF estimates that the enhanced distribution plan's proposed $200 million allocation focused on the maintenance of the network will halt further deterioration of the sector.

D. Electricity

Effectiveness

98. The distribution plans under phases I to III have, to a limited extent, addressed the immediate needs of the electricity sector to prevent further deterioration of power generation and associated transmission lines, and to some extent the distribution network. The distribution network merits the most urgent assistance, since many consumers are connected to it and it lacks adequate expansion planning. However, this priority is outweighed by the need

to increase generating capacity, since the network is able to distribute the power generated, albeit with difficulty.

99. In the 15 governorates in the centre and south of Iraq, spare parts, equipment and materials representing 42 per cent of the allocation for phase I and only 2 per cent of the allocation for phase II have arrived. The slow rate of arrival is often linked to unavoidably long lead times required for the manufacture of supplies and the finalization of numerous technical issues with suppliers and manufacturers. On receipt at the central warehouse, commodities are delivered immediately to their destination after being checked. Supplies for the repair of distribution lines and other general-purpose materials, such as power cables and transformers, are distributed in accordance with plans drawn up by the General Establishment for Electricity Distribution. These allocations are usually in response to emergency requirements. To date, the uncoordinated arrival of supplies has disrupted planned maintenance schedules in power plants. Items such as cables for distribution networks have been delivered but have not been utilized because complementary items such as cable joints have not been approved by the Security Council Committee. Similarly, boiler tubes for thermal power plants have arrived but the required condenser tubes have been blocked. Without these, it is difficult to ensure the efficient use of the boiler tubes as system pressure cannot be increased.

100. Under phase I, supplies have been procured to prevent further deterioration of the four thermal power stations and to maintain the distribution network. In the thermal power plants, the installation of items such as air heater baskets, air compressors for control systems, spare parts for automatic control mechanisms, flame scanners and chemicals for water treatment has reduced the frequency of plant shutdowns and has added marginally to plant production availability (by 2 to 3 per cent), raising it to a total of 40 to 45 per cent. This remains well below normal expected standards of 80 per cent or higher, and no increase in generation is envisaged. Automatic control systems and protection equipment make the plant safer to operate. The installation of some 300 low-voltage transformers and associated protection equipment in residential areas, including public service utilities, has reduced overloading and burning of transformers. It has also partially lessened the problem of low voltage to consumers and has improved the quality of power supply.

101. In the three northern governorates of Dahuk, Erbil and Sulaymaniyah, the programme aims to improve the status of the distribution and transmission networks and to rehabilitate the two hydro power plants at Dokan and Derbandikhan, which remain the only source of power generation in the north. Because arrivals to date constitute only 3 per cent of phase I allocation, it is not possible to comment in detail on the effectiveness of the implementation thus far. My previous report (S/1998/194) explained the range of difficulties experienced since implementation of resolution 986 (1995) began. To ensure more effective response from the United Nations, as noted in paragraph 31 above, a joint task force is now addressing the problems related to implementation in the electricity sector in the three northern governorates.

102. To date, some 30 per cent of the equipment delivered has been utilized, mainly replacing failed distribution transformers with new ones. Other items such as transformer oil will be used during planned maintenance next autumn.

However, with respect to power transformer oil in Dahuk, the arrival of the required oil means that the governorate is now able to process all electrical power supplied by Ninevah governorate. As in the 15 governorates in the centre and south, some delays in arrivals in the north are related to manufacturers' production schedules, technical clarifications and transportation difficulties. Similarly, implementation has been delayed to an extent by the non-arrival of complementary items. Where possible, electricity authorities have used existing stocks of complementary items to proceed with the installation of new equipment. However, urgent procurement of required supplies is under way; when the supplies arrive, attention will be given to serving essential services and rural areas.

103. A consultancy firm surveyed the structural integrity of the Dokan and Derbandikhan dams in order to identify required repair work. Subsequently, safe water levels for Derbandikhan dam were calculated and the relevant authorities authorized the opening of the spillway gates so as to bring the water level down to an acceptable maximum. The Government's technical experts have also assessed the state of the dam, which represents an essential source of downstream irrigation water in summer, and have concluded that the integrity of the dam is in no immediate danger.

104. A second consultancy firm is surveying urgently required repairs to the power generation units at Dokan. Engineering consultants are expected to start work on repairing the Derbandikhan hydrogeneration system by next month. In Erbil governorate, the installation of four diesel generating sets is expected to be completed by September 1998 to provide emergency standby power generation in hospitals and water pumping stations. A further 14 power transformers are also expected to arrive during September and October 1998.

Equitability

105. Equipment and supplies allocated under the distribution plans for phases I to III are meant to cover the whole electrical system in the 15 governorates. Eighty per cent of these allocations are devoted to the generation and transmission systems and the remaining 20 per cent to the distribution network. Commodities for power generation have been utilized in the four plants designated under phase I. Supplies for the distribution network are distributed to the four electricity distribution establishments according to population (Baghdad, 30 per cent; central Iraq, 30 per cent; northern Iraq, 20 per cent; southern Iraq, 20 per cent), the complexity of the network and urgent needs. It should be noted that because of the very limited volume of materials involved, the General Establishment for Electricity Distribution intends to use these supplies to meet emergency requirements, rather than in any systematic manner.

106. For phases II and III, the total amount of funds allocated for the electricity sector was shared between the three northern governorates on a per capita basis (Dahuk 23 per cent, Erbil 33 per cent, Sulaymaniyah 44 per cent), Erbil redirecting 1 per cent of its share to Sulaymaniyah as compensation for generation expenses. Equipment on order is shared out accordingly.

Adequacy

107. A total of $176 million was allocated under phases I to III to procure equipment for the electricity sector for all of Iraq's 23 power plants, including the two hydro power plants in Sulaymaniyah, and their associated transmission and distribution systems. As at 15 May 1998, supplies worth $90.6 million, out of a total $104.6 million for the 15 governorates in the centre and south, have been approved. Commodities from 47 contracts worth a total value of $15.9 million have arrived under phases I and II. United Nations observers estimate that the installation and utilization of these supplies will reduce the rate of deterioration in the power generation system, decrease the number of plant shutdowns and improve safety margins. A very small increase can be expected in the output of power stations which have received supplies. It is expected that the resubmission and authorization of equipment under phase III that is currently placed on hold or was blocked by the Security Council Committee under previous phases will continue to increase output further. However, over the last year, the recorded shortage of power reached 1,600 megawatts and it is expected to remain the same or increase. While consumer demand is increasing, generation is deteriorating and, therefore, any small increase would be marginalized by the annual growth in demand. It is to be expected that power outages during 1998 will continue, and worsen over the summer as climatic conditions, including ambient air temperature, reduce the efficiency of power stations. A larger allocation is required to meet the most immediate needs of power generation. Under the enhanced distribution plan, provision has been made for an additional 460 megawatts. With regard to power distribution, it should be noted that, while 300 transformers are to be provided for the 15 governorates, the Ministry of Industry has estimated that 8,000 transformers need to be replaced on an emergency basis.

E. Agriculture

Effectiveness

108. The rate of contract approval by the Security Council Committee for the agriculture sector has significantly improved, to an average of less than 30 days between submission and approval, including the time necessary to provide technical clarifications required by the Committee for specific items such as ground sprayers and irrigation pumps. Under phase II, tendering of supplies was delayed, the majority of contracts being signed in October and November 1997. The first phase III contracts were signed as early as January 1998, allowing for the first contracts to be approved in March 1998. Following the approval of applications, shipment times have taken between two and four months, including the time necessary for the issuance of the letters of credit. Therefore, it has still not been possible to procure agricultural inputs in time for the summer and winter seasons commencing within the phase. As a result, seasonal supplies have been used in the cropping seasons of the following phases. There has been a delay in the arrival of phase I ground sprayers when compared to the agrochemicals procured for the 1997/98 winter spraying season. Phase I helicopter spare parts for aerial spraying had been placed on hold, and were approved only in November 1997; they were delivered during the first week of April 1998, respecting contracted shipment times. FAO, as the implementing

agency for these dual-purpose items, monitored their immediate release. This allowed six grounded helicopters to pass airworthiness tests by the third week of the same month. Since then, the aircraft have been involved in the aerial spraying of wheat and barley against Sunn pest, and date palms against Dubas and Humeirra pests, in the governorates of Basra, Missan, Ninevah and Thi-Qar. They will cover an estimated 150,000 hectares by the end of the spraying season.

109. The rapid assessment survey by FAO of the impact of supplies in the agriculture sector provided for under resolution 986 (1995) was carried out in the four indicator governorates of Baghdad, Kerbala, Missan and Ninevah, on a sample population of 583 direct beneficiaries and 243 non-beneficiaries. Together with the analysis of data collated through the observation tracking mechanism, the survey has given indications of the effectiveness of supplies provided under resolution 986 (1995). The distributed inputs, even though minimal in comparison to overall needs, have resulted in an increase in productivity for the recipient farmers. A total of 95 per cent of sampled beneficiaries stated that the inputs had had a positive impact, with increases of 71 per cent in yields, 7 per cent in the area cultivated, 56 per cent in the quality of produce obtained, and 75 per cent in net profit return. A variety of crops were sprayed with the agrochemicals. A total of 43 per cent of sampled beneficiaries sprayed wheat and barley, 21 per cent vegetables, 16 per cent fruits and 20 per cent legumes, potatoes and onions. The spare parts allowed 11.8 per cent of benefiting interviewees to repair combine harvesters, 10.8 per cent tractors and 4.3 per cent irrigation pumps. The utilization of these spares and agricultural machinery has resulted in an additional 11,000 hectares of land brought under cultivation, 44,526 hectares of crop sprayed, and 104,905 hectares of arable land irrigated by water pumps throughout the 15 governorates of the centre and south of Iraq.

110. A total of 1,315 irrigation pumps were delivered in four consignments to Iraq between October and December 1997. Distribution began within eight days following the receipt of the last consignment. A total of 1,300 pumps have been distributed to the governorates; 90 per cent of these have been released to end-users for installation and are currently in use.

111. Farmers currently have a number of options for the purchase of agricultural inputs. State stores offer quality subsidized inputs provided under resolution 986 (1995) and supplies from other sources authorized by the Government. All veterinary pharmaceuticals sold through these outlets are required to undergo quality control testing. However, it should be noted that there is also a substantial private market offering locally produced agricultural supplies and items imported with Government permission as well as through unregulated border trade. The quality, integrity and price of supplies obtained through these different channels vary considerably. State-supplied items have the same pricing, usually between 10 and 30 per cent of their purchase price. Private market items vary greatly in price and quality. FAO's recent comparison of subsidized prices of items provided for under resolution 986 (1995) against analogous market items showed that even the lower-quality items are generally more expensive than the state supplies. Prices of inputs provided for under resolution 986 (1995) are considered to be cheaper than market items by 81 per cent of the persons interviewed in the rapid assessment survey, while 12 per cent indicated that cheaper, but lower-quality, tractor and combine

harvester spare parts are available in the market. The quality of the inputs is satisfactory, 91 per cent of the beneficiaries indicating that agrochemicals and animal health supplies are of good quality. The limitations of the private sector should be recognized. Restricted to sales outlets for agricultural supplies and veterinary pharmaceuticals of varying quality, the private sector is not known to offer any services in respect of animal health clinics or hospitals.

112. Following indications from FAO that animal health products provided for under resolution 986 (1995) are priced within the same range as what is available on the market, the Ministry of Agriculture is lowering its price so that farmers will not opt for lower-quality market products.

113. United Nations observers have not detected any improvement in the efficiency of the distribution of veterinary supplies. Although FAO has assisted in rehabilitating cold storage facilities in Baghdad, the State Veterinary Board has said that distribution to the 15 governorates in the centre and south continues to use 200 iceboxes in the absence of proper refrigerated transportation. Among all 15 governorate animal hospitals, only Diyala's refrigeration is sufficiently functional. Although farmers are required to provide both icebox and transportation before the governorate veterinary authorities will vaccinate their animals, it remains highly doubtful whether there is any effective cold chain for this stage of distribution. As a result, vaccines may well have decreased in potency before utilization. Under phase III and the enhanced distribution plan, the Government has responded by allocating considerable funds for the procurement of generators, refrigerators, voltage stabilizers, cold-chamber spare parts and refrigerated transportation. This will allow for the rehabilitation of the distribution cold chain, re-establishing the cold storage capacity throughout the 15 governorates.

114. Similarly, in respect of diagnostic services, there has been no discernible improvement. Large-scale farmers will generally possess both the experience and resources to identify which diseases are affecting their livestock but many, if not most, small-scale farmers have no access to diagnostic services. It has been very difficult to date to assess how the procurement of veterinary products relates to actual requirements. This is compounded by the lack of accurate baseline data on the livestock population. In the absence of any official census, estimates range from 6.5 million (FAO) to 10.5 million (State Veterinary Board). The issue is further complicated by transhumance and changes in grazing patterns, particularly the reduction in the use of summer pasture in the three northern governorates of Dahuk, Erbil and Sulaymaniyah by farmers in central Iraq. This uncertainty inevitably limits the reliability of any assessment of the issues of equitable distribution and adequacy of supplies. A comprehensive survey of prescription practices in response to demand by farmers will also be needed before safe conclusions can be ventured.

115. It should also be borne in mind that agricultural inputs provided for under resolution 986 (1995) are part of a complex food production chain which depends on many other components. Each stage of the production process needs quality and timely inputs and support in order to yield the increased output intended. With the limited sums available under phases I to III, it will be difficult, if not impossible, to attribute specific results to the parts of the process

provided for under resolution 986 (1995), but results may be indicative over a longer period of time.

116. In the three northern governorates of Dahuk, Erbil and Sulaymaniyah, a total of 1,102,776 sheep, 15,230 goats and 406,333 cattle, which constitute 90 per cent of the total animal population, benefited from vaccination and parasite treatment campaigns. These included enterotoxaemia, sheep and goat pox, rinderpest, black leg, and food and mouth disease vaccinations, endo-parasite drenching and therapeutic dipping against ecto-parasites. The distributed animal protein concentrate encouraged the reactivation of 77 small-scale poultry farms with a total capacity 0.5 million broiler chickens per annum. This has had a marked impact on the availability of poultry products in the market. Animal health pharmaceuticals and supplies have been distributed to veterinary clinics and dispensaries, and have greatly contributed to raising the efficiency of the veterinary services provided to the livestock sector throughout all three governorates.

117. In the irrigation sub-sector, a total of 940 irrigation pumps and 26 kilometres of irrigation water conveyance pipes were received under the phase I allocation. These have been distributed to end-users, covering a total irrigated area of 2,500 hectares. Under the phase II allocation, emergency irrigation infrastructure maintenance units were established and are operational in each governorate, in addition to the provision of the basic inputs for the maintenance and reactivation of surface and tube well irrigation infrastructures.

118. In the agricultural mechanization sub-sector, for the phase I allocation, $1,130,560 worth of tractor and combine harvester spare parts has been received and distributed. The repaired and refitted tractors and combine harvesters have increased land preparation and harvesting operations by 200,000 and 150,000 hectares, respectively.

Equitability

119. In terms of matching resources provided for under resolution 986 (1995) in the 15 governorates in the centre and south of Iraq to the type of cultivation and livestock production, initial observation suggests that distribution has been both equitable and, in most cases, pragmatic. The Ministry of Agriculture's allocation of phase I inputs reflects the distribution of crops and rainfed or irrigated land, as well as the relative density of agricultural machinery and livestock in the 15 governorates. In the three northern governorates of Dahuk, Erbil and Sulaymaniyah, agricultural machinery spare parts, irrigation pumps, and ground sprayers are allocated on the basis of the existing machinery inventory in each governorate. In the 15 governorates of the centre and south, two thirds of the tractor spare parts are allocated to the five governorates with the highest density of tractors. The largest wheat-producing governorates of Diyala, Ninevah, Salah al Deen, Tameem and Wasit will receive 82 per cent of the 1,000-litre and 400-litre ground sprayers as well as spare parts for wheat and barley combine harvesters. The three major rice-producing governorates of Diyala, Najef and Qadisiyah are allocated 96 per cent of the rice combine harvester spares. The smaller 100-litre and 16-litre knapsack sprayers are allocated on the basis of farmer distribution, whereby

each governorate will receive between 4 and 10 per cent of the stock. The five most irrigated governorates, Missan, Qadisiyah, Salah al Deen, Thi-Qar and Wasit, are allocated 54 per cent of irrigation pumps. Agrochemicals are allocated according to area cropped; animal health vaccines and veterinary pharmaceuticals are allocated according to estimated livestock per governorate.

120. FAO observers routinely inspect all central and governorate storage facilities. The Geographical and Multidisciplinary Observation Units also undertake a variety of tracking and analysis activities. Comprehensive coverage of all governorate warehouses and a random selection of 30 per cent of state district stores by FAO has confirmed that actual distribution followed allocations to the 15 governorates.

121. In the three northern governorates, FAO reports that it has made agricultural inputs under this programme equitably available to all farmers in the region. Animal disease control activities and epidemic plant disease and pest campaigns covered the entire region and provided service free of charge. Nominal prices are levied on some inputs, such as irrigation pumps and pipes, agricultural machinery spare parts, pesticides and drugs for non-epidemic disease, seed and fertilizers to enhance equitable distribution. The funds generated are used to support further investments that will benefit small farmers. Budget allocation to governorates is based on population, and equivalent input relevant to the specific requirement of the respective governorates is provided. To achieve equity, a lottery system is used to allocate most inputs when there is insufficient quantity to meet total needs. Mobile distribution teams were deployed for seed and fertilizer distribution, to reach the poorer farmers in the remote mountainous areas that would otherwise have limited access to the distribution system.

Adequacy

122. The overall adequacy of agricultural inputs supplied under resolution 986 (1995) is low. However, the rapid assessment survey on the sample population of 583 recipients and 243 non-beneficiaries indicated that spare parts had been received by 40.3 per cent of sampled beneficiaries for knapsack sprayers, 6.7 per cent for combine harvesters, 7 per cent for tractors and 1 per cent for irrigation pumps, whereas 40 per cent had received sprayers of different sizes. Most of the interviewees expressed satisfaction with regard to the inputs provided for under resolution 986 (1995), stating nevertheless that quantities were insufficient to cover their needs. A total of 81 per cent of the beneficiaries in the sample believed that the agricultural inputs received covered less than 50 per cent of their needs, 56 per cent stating that adequacy was below 25 per cent.

123. In the three northern governorates, owing to excessive requirements of the sector, the overlap of summer agricultural inputs under phases I and II did not greatly enhance coverage, as the interventions required to cope with the sector are far from being met even by the combined allocation under the three phases. Inadequate inputs will continue to be a major constraint on the enhancement of agricultural production on a wider scale. However, the cumulative impact of the inputs supplied under the previous phases, as well as the proposed activities and allocations under the enhanced programme, will significantly contribute to

domestic food production in the three northern governorates and hence the improvement of food security in the region.

F. Education

Effectiveness

124. With regard to the education sector in the 15 governorates in the centre and south of Iraq, there has been a significant reduction in the time between submission and approval of contracts and also between the issuance of the approval letter by the Chairman of the Security Council Committee and the delivery of supplies. The importance accorded to the rehabilitation of school infrastructure is matched by the early submission of applications for building materials, some of which have been delivered nearly in full.

125. This reduction in the time between approval and arrival also applied to supplies for the three northern governorates of Dahuk, Erbil and Sulaymaniyah. UNESCO notes that the non-arrival of complementary items was mainly the result of differences in the delivery performance of suppliers. Commodities began to arrive rapidly in the first week in March 1998 following greater attention to tracking, using an international consultant. UNESCO expects its implementation rate to reach 50 per cent by the end of May 1998 for phase I. To date, 1 per cent of supplies have been received under phase II.

126. However, with regard to the other aspects of Government suppliers' contract performance, there have been serious shortcomings. Poor packaging of commodities resulted in losses of up to 6 per cent, especially for some ceramic and glassware items such as latrines and fluorescent tubes. Other supplies, particularly water and sanitary fittings, did not conform to specification. Despite Government requests for improvements in the packaging of ceramic equipment and television sets, no improvement has been noted to date. However, suppliers have offered compensation for the damaged commodities.

127. The education sector has also suffered from the non-arrival of complementary items due to poor coordination of contract applications and delays in approval. This has delayed production of school furniture because sufficient welding wire was not ordered in time. The production of 7 million school textbooks has also been delayed because of holds placed on printing press components. Consequently, school desks and textbooks may not be available for distribution at the start of the 1998/99 school year. For the past seven years, approximately 70 per cent of all textbooks given to pupils had been used previously.

128. The distribution system used by the Ministry of Education has experienced a range of difficulties. Record keeping at warehouses has been cumbersome without the necessary ledgers, or the computers blocked in phase II, which were designated for use in the documentation of supplies as well as computer education. There is an acute shortage of fork lifts and inappropriate manual handling has resulted in unnecessary breakages. Trucks to transport supplies from Baghdad to governorate warehouses are also in very short supply. The

Ministry is relying on the arrival of 40 trucks ordered under phase III for effective distribution of supplies from phases I to III.

129. While $9.3 million worth of educational supplies have reached the 15 governorates in the centre and south of Iraq to date, only some $4.3 million worth have been distributed to governorates as a result of these logistic difficulties. Vocational and teaching aids have been distributed among the 2,250 schools in the 15 governorates designated to receive supplies under the Memorandum of Understanding. However, with regard to school infrastructure supplies, there has been little implementation because of the education authorities' shortage of funds to purchase items such as sand, mortar and electrical fittings. The impact of the Ministry's request for local fund-raising to finance school rehabilitation projects is not yet apparent.

130. In the northern governorates of Dahuk, Erbil and Sulaymaniyah, UNESCO has completed the production of 18,000 school desks out of the target of 38,000 under phase I, 14,000 of which have been distributed. UNESCO has also been designated to produce 25,000 desks from material supplied by UNICEF under phase I. To date, 7,000 have been completed and 6,200 distributed to schools throughout the three northern governorates. All of the materials ordered for desk production under phase I have now arrived and similar commodities for phase II production are expected to arrive in June 1998. Some 90 per cent of school rehabilitation will be close to completion. Work will be in progress at 81 out of 90 schools. To date, 42 per cent of the schools under rehabilitation are complete. The distribution by UNICEF of phase I student, classroom and recreation kits has been fully completed and reached all 2,019 primary schools with supplies for students for the 1997/98 school year. More than 500,000 children benefited from these school supplies, as did an additional 27,000 students from intermediate schools. During the reporting period, printing presses for installation in Erbil and Sulaymaniyah have arrived and will be used for the annual production of 4.5 million textbooks. Funds for this project are being provided from all three phases of the operation, the overall cost of which, including consumable items, is $9.2 million. Upon completion of this project, the press will have enough supplies and consumables for the production of almost 15 million textbooks. Renovation of school buildings began recently; the rehabilitation of 14 schools in Dahuk, 19 schools in Erbil and 21 schools in Sulaymaniyah is in progress, as is the rehabilitation of water and sanitation facilities in 37 schools. After distribution of school supplies, enrolment initially increased significantly in primary schools at the beginning of the school year. A comprehensive school survey is currently being conducted to provide more specific information.

Equitability

131. The distribution of school supplies was based on a combination of population and school density, and this was reflected in detailed allocation plans. This naturally favours urban and semi-urban areas where the number of pupils and the concentration of school infrastructure is higher. According to UNICEF, priority in distribution was given to schools in most urgent need of blackboards, desks, teaching aids and sanitation. However, transportation difficulties meant that most distribution appears to have occurred within and around Baghdad. This imbalance should be redressed when the Ministry of

Education receives the 40 trucks already approved under phase III. As an interim measure, the Ministry is hiring trucks for this purpose but the capacity remains insufficient because of limited funds.

Adequacy

132. To date, only 20.7 per cent of the $36 million allocation under phases I to III has arrived in Iraq and only half has been distributed. No supplies approved under phase III have arrived yet. According to the Ministry of Education, a total input of $130 million is required to halt further deterioration of the dilapidated schools of Iraq. The entire allocation under all three phases would therefore meet only 27 per cent of immediate requirements. The imbalanced spending by different sectors under phases I and II means that the actual allocation amounted to $21.7 million. However, although pre-implementation visits by United Nations observers to a sample of schools confirmed in detail the range of decayed school infrastructure, to date it has not been possible to undertake a comprehensive survey to establish the extent of the problem. This is scheduled for the start of the next school year.

133. The Ministry of Education has stated that there has been no increase in school attendance following the arrival of supplies. Although untested, this probably reflects the fact that, despite the increased pace of deliveries, effective implementation is still at a very early stage.

G. Settlement rehabilitation

Effectiveness

134. The effectiveness of the settlement rehabilitation programme is being enhanced through a series of surveys designed to allow better targeting of the needs of the population in both rural and urban areas. The surveys indicate extensive needs for settlement rehabilitation, emphasizing the urban and semi-urban areas, where up to 70 per cent of the population currently resides. The demands there for infrastructure and service rehabilitation are evidently immense. Furthermore, continuing support is provided to resettlement activities in a more systematic and cost-effective manner, on the basis of experience gained during the implementation of previous phases. The community participation component is being developed continuously and promoted at the inception, definition and implementation stages of each integrated resettlement project.

135. The humanitarian efforts of external support agencies and local communities in the implementation of settlement rehabilitation programmes in recent years have focused mostly on immediate physical needs, such as emergency shelters. As a result, the United Nations Centre for Human Settlements (Habitat) has identified and undertaken complementary humanitarian rehabilitation, promoting productive activities in such areas as water supply, sanitation, and the construction of health and education facilities.

136. The development of the economic network has been identified as another way of improving the overall effectiveness of the programme. Habitat creates a

maximum number of jobs among the most needy communities through its implementation mechanism by sub-contracting to local contractors for the execution of projects. This has had an impact in stimulating the economy in each governorate.

Equity

137. The programme focuses primarily on the most vulnerable sector of the population. There are four broad categories which are being targeted under Habitat activities, namely, the most vulnerable groups of the population in cities and towns that do not have access to essential infrastructure and services; old caseloads comprising persons moved from their villages to collective towns in the northern governorates during the 1970s and 1980s, and who are willing to return to their villages; persons wanting to stay in collective towns and who require better access to infrastructure and services; and a recent caseload of persons who do not have the option of returning to their places of origin. The plan designed by Habitat addresses equitably the needs of these different groups, subject to the priority areas as identified through surveys.

Adequacy

138. There are approximately 500,000 persons in need of assistance for permanent resettlement either in their places of origin or in new locations. It is estimated that there are approximately another 300,000 persons remaining in collective towns in need of assistance. Finally it is estimated that approximately 500,000 persons, representing the most vulnerable groups of the population in cities and towns, do not have access to essential infrastructure and basic services.

139. The resources provided under phases I to III will assist only 50,000 families, reaching no more than 20 per cent of the most needy families. The basic needs of urban populations require more systematic consideration, which is being started at present for phase III in the water and sanitation sector.

140. It is estimated that the total funds necessary for settlement rehabilitation in rural areas in the northern governorates of Dahuk, Erbil and Sulaymaniyah amount to $210 million. Broken down by component, this would include $70 million for rural settlement rehabilitation, $85 million for rehabilitation of infrastructure and services in villages and growth centres, and $55 million for infrastructure assistance to internally displaced persons. Furthermore, infrastructural work in cities and urban areas will require major inputs. It is estimated that the budget requirements in the three main cities and largest collective towns for water and sanitation activities alone could reach $200 million. Additionally, the scope of work for other urban settlement rehabilitation activities has still to be surveyed.

H. Mine awareness and demining

Effectiveness

141. In general there are no problems or undue delays between contract application and approval times. Likewise, the time between contract approval and equipment arrival in the region is satisfactory. However, there are unacceptable delays between the time the equipment arrives in the region and the time it is delivered. These are due to a combination of factors, which are being addressed through the deployment to Baghdad of a full-time international staff member of the United Nations Office for Project Services (UNOPS) to manage the movement of equipment and personnel.

Equitability

142. Operational areas are determined according to criteria and priorities established in conjunction with the local authorities. Minefields with high casualty rates are the highest priority, followed by mined areas identified for construction and/or resettlement, mined agricultural and grazing lands and other mined areas presenting obstacles to daily life such as mined water points and roads. In phase I the programme provided one team for each of the three northern governorates of Dahuk, Erbil and Sulaymaniyah. In subsequent phases the programme has identified a concentration of mines in Erbil and Sulaymaniah and extra teams will be deployed only to those areas. High priority minefields which cannot be cleared immediately will receive priority for demarcation and these areas will also be targeted for an intensive mine awareness campaign.

Adequacy

143. Owing to the fact that demining operations are at a very early stage, the wider impact of the UNOPS mine action programme has yet to be felt in the three northern governorates. Recent mine accident statistics indicate a drop in mine-related accidents, however, no doubt due mainly to the very successful mine awareness campaign, which reached the bulk of the population during the past 12 months. The UNOPS integrated programme of demining, survey, demarcation, victim assistance and database development will facilitate the return of the population to their original villages.

VIII. OBSERVATIONS AND RECOMMENDATIONS

144. I am pleased to note that, since the adoption of Security Council resolution 1153 (1998) endorsing the observations and recommendations contained in my supplementary report (S/1998/90), the positive effects of which were further enhanced by the measures taken by the Security Council Committee and by the Office of the Iraq Programme, there has been substantial progress in the expeditious processing and approval of applications. Further improvements to the whole process are under consideration both by the Committee and by the Office of the Iraq Programme pursuant to my directives to the Secretariat and my recommendations to the Committee, outlined in paragraphs 53 to 58 of my report.

145. I welcome the decision taken by the Security Council Committee on my recommendation to consider and approve applications even in advance of the availability of funds in the United Nations Iraq Account, on the understanding that letters of approval will be released by the Secretariat only after confirmation that sufficient funds are available in the account. Unfortunately, however, the much quicker rate of approval by the Committee has been offset by a substantial drop in oil prices, so that at times there have been more than 200 applications approved, but letters of approval could not be released because of lack of funding.

146. It should be noted that, as a result of shorter processing and approval time under phase III and improved contractual arrangements between the Government of Iraq and its suppliers, there has been a general increase in the range and volume of humanitarian supplies reaching Iraq. Nevertheless, arrivals of supplies continue to be erratic, the greatest impact being felt in the food and health sectors. I am concerned that, during phase III, a full basket was delivered only once to the recipients (in March 1998). It is essential to improve further coordination between the Government of Iraq and the United Nations and its agencies and programmes so as to ensure that applications are submitted and processed in the order of their relative priority and providing the Security Council Committee with the relevant information, as indicated in paragraph 53 (b) of my report.

147. It is of serious concern to me that a survey carried out by the Ministry of Health, UNICEF and WFP in March 1998 has detected no measurable difference in the nutritional status of infants under five since the survey they conducted in April 1997. I note, however, that the latest survey has also indicated that the implementation of the humanitarian programme has at least arrested further deterioration in the nutritional status of infants.

148. The extension of a targeted feeding programme in the enhanced distribution plan (S/1998/446) to the 15 governorates in the centre and south of Iraq represents the Government's first attempt within the scope of resolution 986 (1995) to tackle the serious problem of child malnourishment with an appropriately focused programme, and should be welcomed. Moreover, the Government has responded favourably to my request for an additional $8 million allocation under the health sector, for targeted feeding programmes for pregnant women and nursing mothers, which will also promote child health. The United Nations observers will monitor how effectively these programmes are implemented. Other improvements envisaged in the enhanced distribution plan in respect of food, health, water and sanitation should bring about greater nutritional security.

149. United Nations observers have reported a marked improvement in the availability of drugs in the three northern governorates, which has led to an end to drug rationing. Both this development and the efforts of WHO to encourage more rational prescription practices are most welcome. In the 15 governorates of the centre and south of Iraq, medicines and medical supplies are now arriving with increasing frequency, although differences remain in the availability of drugs in different categories. It should also be noted that health centres, which have to respond to a disproportionate share of emergency cases, are not always appropriately staffed or supplied. I expect that the work

of the United Nations observation mechanism in assessing procurement for the health sector will enable the Ministry of Health to ensure that basic medical supplies are given due priority in procurement. In the water and sanitation sector, notwithstanding the extensive problems outlined in my report, the utilization of supplies provided for under resolution 986 (1995) has begun to improve the quality of water produced by treatment plants, at least in Baghdad and certain other governorates. United Nations observers will continue to share with the relevant Iraqi authorities their findings on this sector, which has a substantial impact on the health and nutritional status of the population, so as to increase the impact of all rehabilitation work undertaken. I welcome the fact that the effective utilization of most of the inputs is now resulting in increased food production throughout the country. United Nations observers will continue to assess how this translates into greater food security, in particular for those most in need.

150. Effective 0001 hours Eastern Standard Time on Saturday, 30 May 1998, we have before us a new 180-day period, pursuant to paragraph 1 of resolution 1153 (1998). Given the Council's endorsement of the need for a major increase in the humanitarian inputs authorized under the programme, it is essential to ensure that the momentum behind the positive developments referred to above is not only sustained but further accelerated. Accordingly, in order to ensure the generation of oil revenues essential for the implementation of the enhanced distribution plan (S/1998/446), it is essential for the Security Council to take early action on my recommendations submitted on 15 April 1998 (S/1998/330 and Corr.1) regarding oil spare parts and equipment required by Iraq to achieve the revenue target.

151. After my approval of the enhanced distribution plan on 29 May 1998, five oil loadings, totalling an estimated $60 million, which for technical reasons could not be carried out prior to that date, were lifted from 30 May to 1 June 1998. The contracts relating to those liftings were signed and approved prior to 29 May 1998 in anticipation of the revenues produced being utilized for humanitarian supplies under phase III. It is therefore my intention to allocate the funds from those loadings to phase III to provide the revenues foreseen in approving those contracts and avoid unnecessary disruptions in the delivery of humanitarian supplies.

152. I take this opportunity to express my appreciation for the dedication and commitment of all staff members of the United Nations system involved in the implementation of the programme, under complex and, at times, difficult conditions. I also wish to express my appreciation to the Government of Iraq for its continued cooperation.

Annex I

Status of applications as at 15 May 1998

(Cumulative totals)

	Phase I	Phase II	Phase III
Applications received by the Secretariat	957[a]	611[b]	512[c]
Applications submitted to the Security Council Committee	879	537	422[d]
Approved	835	536	371[e]
Blocked	44	1	-
On hold	-	-	19

[a] Includes 78 applications which were subsequently cancelled.

[b] Includes 74 applications which were subsequently cancelled.

[c] Includes 8 applications which were subsequently cancelled, and 82 not yet circulated.

[d] Includes 32 applications pending "no objection" deadlines.

[e] Funds not yet available for all approved applications.

Annex II

Food commodity arrivals, distribution and stock balance as at 15 May 1998

(Cumulative: phases I, II and III)

(Tons)

Commodity	Cumulative arrivals in Iraq	Quantity distributed in governorates	Stock balance available	Quantity required for distribution under resolution 986 (1995) in May 1998
Wheat	3 497 797	3 110 179	387 618	229 966
Rice	713 414	626 095	87 319	34 495
Vegetable ghee	258 181	249 901	8 280	14 373
Pulses	207 188	208 352[a]	-1 164[b]	3 449
Iodized salt	30 283	27 463	2 820	0
Infant formula	13 389	12 982	407	878
Sugar	539 072	492 657	46 415	45 993
Tea	34 294	31 013	3 281	2 300
Toilet soap	64 587	57 639	6 948	5 749
Detergent	100 186	81 389	18 797	8 049
Total	5 458 391	4 897 672	560 719	345 251

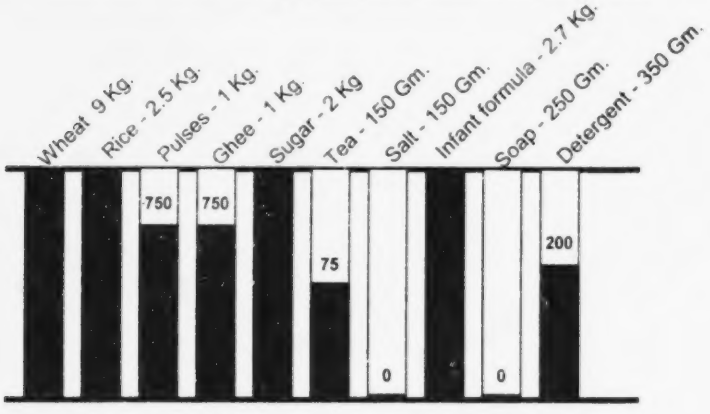
[a] Including 7,985.01 tons of white beans which had not been authenticated because there was a problem with the quality, but has been distributed to the governorates in the meantime.

[b] Because of distribution to two governorates of unauthenticated goods, the stock balance shows an artificial deficit.

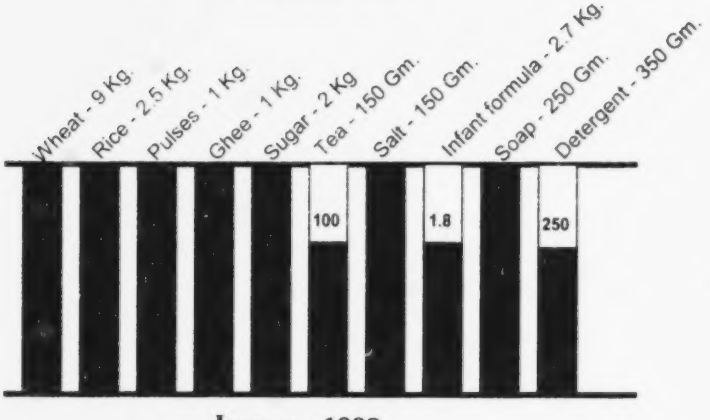
Annex III

Food basket distribution

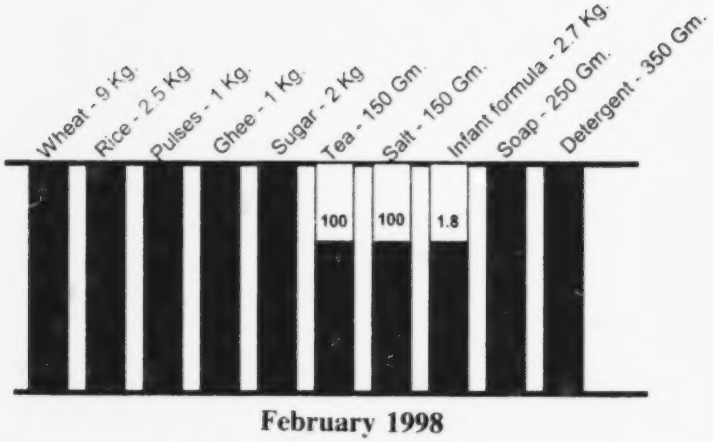
A. December 1997 to February 1998 (centre/south)



December 1997

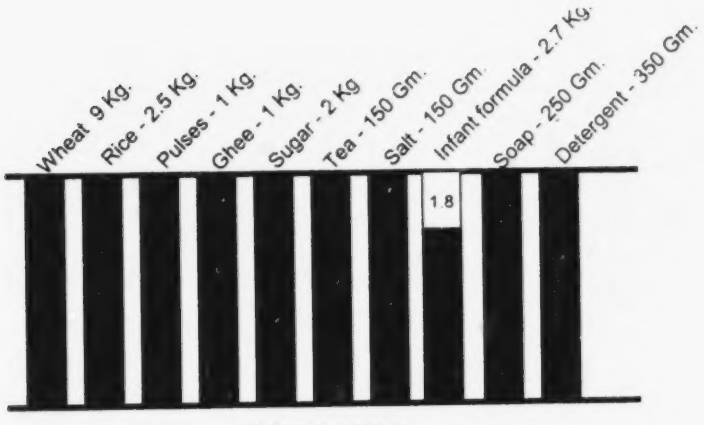


January 1998

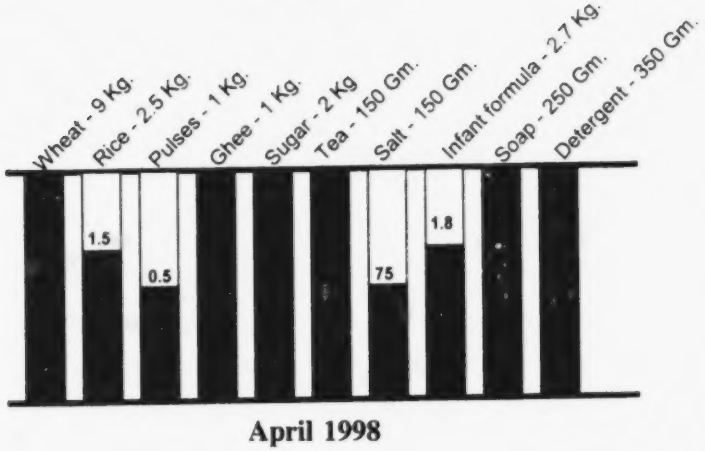


February 1998

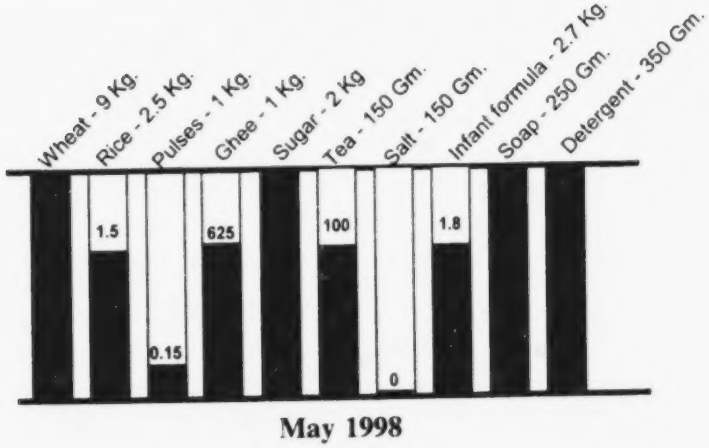
B. March to May 1998 (centre/south)



March 1998



April 1998



May 1998

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Annex IV

Observation coverage in all sectors for the period from 5 December 1997 to 15 May 1998

Agency	Sectoral observations						
	Food	Health	Agriculture	Electricity	Water and sanitation	Education	Total
FAO	-	-	132	-	-	-	132
UNDP/Department of Economic and Social Affairs	-	-	-	95	-	-	95
UNESCO	-	-	-	-	-	60	60
UNICEF	-	162	-	-	786	116	1 064
WFP*	100 320	-	-	-	-	-	100 320
WHO	-	2 223	-	-	-	-	2 223
Geographical Observation Unit	3 307	475	67	10	19	-	3 878
Total	103 627	2 860	199	105	805	176	107 772

* Includes 97,923 observations by WFP's national observers.

Annex V

Sectoral allocations and arrivals

(United States dollars)

A. Phases I and II

Phase I

Sector	Budget allocation			Arrivals in country		
	15 governorates	3 northern governorates	Country-wide total	15 governorates	3 northern governorates	Country-wide total
Food	783 480 000	122 530 000	906 010 000	766 081 074	120 899 552	886 980 626
Nutrition	-	5 000 000	5 000 000	-	4 591 430	4 591 430
Medicine	181 200 000	28 800 000	210 000 000	113 265 000	16 540 000	129 805 000
Health	-	10 400 000	10 400 000	-	9 698 234	9 698 234
Water/ sanitation	24 000 000	20 200 000	44 200 000	19 413 084	10 717 469	30 130 553
Electricity	36 000 000	23 270 000	59 270 000	15 900 000	2 700 000	18 600 000
Agriculture	24 000 000	20 150 000	44 150 000	20 005 356	17 737 000	37 742 356
Education	12 000 000	15 150 000	27 150 000	5 735 454	7 590 525	13 325 979
Resettlement	-	12 000 000	12 000 000	-	7 900 000*	7 900 000
Demining	-	2 500 000	2 500 000	-	2 300 000*	2 300 000
Total	1 060 680 000	260 000 000	1 320 680 000	940 399 968	200 674 210	1 141 074 178

Phase II

Sector	Budget allocation			Arrivals in country		
	15 governorates	3 northern governorates	Country-wide total	15 governorates	3 northern governorates	Country-wide total
Food	783 470 000	122 530 000	906 000 000	642 358 812	89 132 077	731 490 889
Nutrition	-	10 000 000	10 000 000	-	6 476 665	6 476 665
Medicine	181 000 000	29 000 000	210 000 000	6 406 379	95 000	6 501 379
Health	-	10 000 000	10 000 000	-	8 813 233	8 813 233
Water/ sanitation	24 170 000	20 000 000	44 170 000	3 437 642	774 597	4 212 239
Electricity	36 000 000	19 300 000	55 300 000	1 100 000	-	1 100 000
Agriculture	24 000 000	26 000 000	50 000 000	12 832 726	10 586 000	23 418 726
Education	12 000 000	15 300 000	27 300 000	3 630 875	165 576	3 796 451
Resettlement	-	6 000 000	6 000 000	-	4 940 000*	4 940 000
Demining	-	2 670 000	2 670 000	-	600 000*	600 000
Total	1 060 640 000	260 800 000	1 321 440 000	669 766 434	121 583 148	791 349 582

* Including cash component values.

B. Phase III

Phase III						
	Budget allocation			Arrivals in country		
Sector	15 governorates	3 northern governorates	Country-wide total	15 governorates	3 northern governorates	Country-wide total
Food	783 480 000	122 530 000	906 010 000	72 118 433	1 374 958	73 493 391
Nutrition	-	10 000 000	10 000 000	-	1 500 000	1 500 000
Medicine	180 000 000	20 000 000	200 000 000	-	-	-
Health	-	10 000 000	10 000 000	-	6 755 505	6 755 505
Water/ sanitation	24 170 000	20 000 000	44 170 000	-	-	-
Electricity	35 500 000	26 000 000	61 500 000	-	-	-
Agriculture	24 000 000	26 000 000	50 000 000	-	-	-
Education	12 000 000	15 000 000	27 000 000	-	-	-
Resettlement	-	11 000 000	11 000 0000	-	600 000*	600 000
Demining	-	1 000 000	1 000 000	-	829 000*	829 000
Total	1 059 150 000	261 530 000	1 320 680 000	72 118 433	11 059 463	83 177 896

* Including cash component values.

Annex VI

Sectoral implementation summary, phases I, II and III as at 15 May 1998

A. Food

*Bulk purchase process**								
Phase		Countrywide allocation	Submitted to Security Council Committee		Approved by Security Council Committee		Arrived in country	
		US$	*Value (US$)*	*% of allocation*	*Value (US$)*	*% of allocation*	*Value (US$)*	*% of allocation*
Phase I	Food	870,010,000	945,717,098	108.70%	945,717,098	108.70%	885,923,382	101.83%
	Equipment	36,000,000	20,164,754	56.01%	20,164,754	56.01%	11,006,257	30.57%
Phase II	Food	870,000,000	873,207,686	100.37%	873,207,686	100.37%	722,414,620**	83.04%
	Equipment	36,000,000	34,909,877	96.97%	34,909,877	96.97%	7,418,580	20.61%
Phase III	Food	870,010,000	925,653,086	106.40%	815,442,182	93.73%	93,698,400	10.77%
	Equipment	36,000,000	28,958,954	80.44%	25,347,040	70.41%	-	0.00%
Total		**2,718,020,000**	**2,828,611,455**	**104%**	**2,714,788,637**	**100%**	**1,720,461,239**	**63%**

*Distribution process****						
Phase		Distribution allocation	Arrived at governorates		Delivered to end users and/or in stock for delivery	
		Value (US$)	*Value (US$)*	*% of allocation*	*Value (US$)*	*% of allocation*
15 Governorates - centre / south						
Phase I	Foodstuff	747,480,000	763,974,989	102.21%	763,974,989	102.21%
	Equipment	36,000,000	2,106,085	5.85%	2,106,085	5.85%
Phase II	Foodstuff	747,470,000	641,918,562	85.88%	641,918,562	85.88%
	Equipment	36,000,000	440,250	1.22%	440,250	1.22%
Phase III	Foodstuff	747,480,000	72,118,433	9.65%	72,118,433	9.65%
	Equipment	36,000,000	-	0.00%	-	0.00%
Total for centre/south	Foodstuff	2,242,430,000	1,478,011,984	65.91%	1,478,011,984	65.91%
	Equipment	108,000,000	2,546,335	2.36%	2,546,335	2.36%
3 Governorates - north						
Phase I	Foodstuff	122,530,000	120,899,552	98.67%	120,899,552	98.67%
Phase II	Foodstuff	122,530,000	89,132,077	72.74%	89,132,077	72.74%
Phase III	Foodstuff	122,530,000	1,374,958	1.12%	1,374,958	1.12%
Total for north	Foodstuff	**367,590,000**	**211,406,587**	**57.51%**	**211,406,587**	**57.51%**
Countrywide						
Grand total		**2,718,020,000**	**1,691,964,906**	**62.25%**	**1,691,964,906**	**62.25%**

* Indicates country-wide values for allocations, applications and arrivals.

** This total excludes contracts pending resolution of discrepancies in value.

*** Indicates governorate level values for arrival and distribution.

B. Nutrition

Phase	*Distribution plan budget*					*Implementation value of equipment, materials and supplies*					
	Allocated	Submitted to Security Council Committee		Approved by Security Council Committee		Arrived in country		Arrived at governorates		Delivered to end users	
	US$	*Value (US$)*	*% of allocation*	*Value (US$)*	*% of allocation*	*Value (US$)*	*% of allocation*	*Value (US$)*	*% of allocation*	*Value (US$)*	*% of allocation*
3 Governorates - north											
Phase I	5,000,000	4,817,429	96.35%	4,817,429	96.35%	4,591,430	91.83%	4,591,430	68.17%	4,340,682	86.81%
Phase II	10,000,000	8,332,833	83.33%	8,332,833	83.33%	6,476,665	64.77%	6,476,665	64.77%	1,975,322	19.75%
Phase III	10,000,000	6,915,638	69.16%	6,915,638	69.16%	1,500,000	15.00%	1,500,000	0.00%	20,000	0.20%
Total for north	**25,000,000**	**20,065,900**	**80.26%**	**20,065,900**	**80.26%**	**12,568,095**	**50.27%**	**12,568,095**	**50.27%**	**6,336,004**	**25.34%**

C. Health (medicine and supplies)

Phase	Countrywide allocation	Bulk purchase process* Submitted to Security Council Committee		Approved by Security Council Committee		Arrived in country**	
	US$	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation
Phase I	210,000,000	223,359,419	106.36%	223,359,419	106.36%	159,534,000	75.97%
Phase II	210,000,000	217,353,837	103.50%	212,347,176	101.12%	52,650,000	25.07%
Phase III	200,000,000	96,675,396	48.34%	72,588,379	36.29%	-	0.00%
Total	**620,000,000**	**537,388,652**	**87%**	**508,294,974**	**82%**	**212,184,000**	**34%**

Phase	Distribution allocation	Distribution process*** Arrived at governorates		Delivered to end users and/or in stock for deliviery	
	Value (US$)	Value (US$)	% of allocation	Value (US$)	% of allocation
15 Governorates - centre / south					
Phase I	181,200,000	113,265,000	62.51%	113,265,000	62.51%
Phase II	181,000,000	6,406,379	3.54%	6,406,379	3.54%
Phase III	180,000,000	-	0.00%	-	0.00%
Total for centre/south	**542,200,000**	**119,671,379**	**22.07%**	**119,671,379**	**22.07%**
3 Governorates - north					
Phase I	28,800,000	16,540,000	57.43%	16,540,000	57.43%
Phase II	29,000,000	95,000	0.33%	95,000	0.33%
Phase III	20,000,000	-	0.00%	-	0.00%
Total for north	**77,800,000**	**16,635,000**	**21.38%**	**16,635,000**	**21.38%**
Countrywide					
Grand total	**620,000,000**	**136,306,379**	**21.98%**	**136,306,379**	**21.98%**

* Indicates country-wide values for allocations, applications and arrivals.

** Includes values of goods in Kimadia stocks.

*** Indicates governorate-level values for arrival and distribution.

D. Health (other components)

Phase	Distribution plan budget					Implementation value of equipment, materials and supplies					
	Allocated	Submitted to Security Council Committee		Approved by Security Council Committee		Arrived in country		Arrived at governorates *		Delivered to end users	
	US$	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation
3 Governorates - north											
Phase I	10,400,000	9,698,234	93.25%	9,698,234	93.25%	9,698,234	93.25%	8,769,235	84.32%	7,252,085	69.73%
Phase II	10,000,000	8,819,296	88.19%	8,813,233	88.13%	8,813,233	88.13%	223,098	2.23%	157,849	1.58%
Phase III	10,000,000	6,935,863	69.36%	6,755,505	67.56%	6,755,505	67.56%	-	0.00%	-	0.00%
Total for north	**30,400,000**	**25,453,393**	**83.73%**	**25,266,972**	**83.12%**	**25,266,972**	**83.12%**	**8,992,333**	**29.58%**	**7,409,934**	**24.37%**

* Delivered to Ministry of Health/WHO warehouses.

The figures in the table are related to all WHO programmes plus UNICEF health programmes allocations (additional) for the 3 governorates in the north, comprising health components other than medicines and hospital supplies (53% account).

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E. Water and sanitation

Phase	Distribution plan budget					Implementation value of equipment, materials and supplies					
	Allocated	Submitted to Security Council Committee		Approved by Security Council Committee		Arrived in country		Arrived at governorates		Delivered to end users	
	US$	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation
15 Governorates - centre / south											
Phase I	24,000,000	22,894,235	95.39%	22,894,235	95.39%	19,413,084	80.89%	15,478,300	64.49%	8,904,282	37.10%
Phase II	24,170,000	20,169,792	83.45%	20,169,792	83.45%	3,437,642	14.22%	-	0.00%	-	0.00%
Phase III	24,170,000	17,218,304	71.24%	16,100,517	66.61%	-	0.00%	-	0.00%	-	0.00%
Total for centre / south	**72,340,000**	**60,282,331**	**83.33%**	**59,164,544**	**81.79%**	**22,850,726**	**31.59%**	**15,478,300**	**21.40%**	**8,904,282**	**12.31%**
3 Governorates - north											
Phase I	20,200,000	18,481,537	91.49%	18,481,537	91.49%	10,717,469	53.06%	10,717,469	53.06%	7,734,394	38.29%
Phase II	20,000,000	18,946,618	94.73%	18,946,618	94.73%	774,597	3.87%	774,597	3.87%	466,442	2.33%
Phase III	20,000,000	14,205,653	71.03%	14,205,653	71.03%	-	0.00%		0.00%	-	0.00%
Total for north	**60,200,000**	**51,633,808**	**85.77%**	**51,633,808**	**85.77%**	**11,492,066**	**19.09%**	**11,492,066**	**19.09%**	**8,200,836**	**13.62%**
Countrywide											
Grand total	**132,540,000**	**111,916,139**	**84.44%**	**110,798,352**	**83.60%**	**34,342,792**	**25.91%**	**26,970,366**	**20.35%**	**17,105,118**	**12.91%**

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F. Electricity

Phase	Distribution plan budget					Implementation value of equipment, materials and supplies					
	Allocated	Submitted to Security Council Committee		Approved by Security Council Committee		Arrived in country		Arrived at governorates		Delivered to end users	
	US$	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation
15 Governorates - centre / south											
Phase I	36,000,000	37,340,980	103.72%	36,223,610	100.62%	15,900,000	44.17%	15,000,000	41.67%	7,000,000	19.44%
Phase II	36,000,000	43,492,130	120.81%	43,335,828	120.38%	1,100,000	3.06%	200,000	0.56%	-	0.00%
Phase III	35,500,000	24,534,326	69.11%	13,598,305	38.31%	-	0.00%	-	0.00%	-	0.00%
Total for centre / south	**107,500,000**	**105,367,436**	**98.02%**	**93,157,743**	**86.66%**	**17,000,000**	**15.81%**	**15,200,000**	**14.14%**	**7,000,000**	**6.51%**
3 Governorates - north											
Phase I	23,270,000	20,600,000	88.53%	20,620,000	88.61%	2,700,000	11.60%	2,700,000	11.60%	760,000	3.27%
Phase II	19,300,000	17,600,000	91.19%	17,670,000	91.55%	-	0.00%	-	0.00%	-	0.00%
Phase III	26,000,000	24,600,000	94.62%	24,600,000	94.62%	-	0.00%	-	0.00%	-	0.00%
Total for north	**68,570,000**	**62,800,000**	**91.59%**	**62,890,000**	**91.72%**	**2,700,000**	**3.94%**	**2,700,000**	**3.94%**	**760,000**	**1.11%**
Countrywide											
Grand total	**176,070,000**	**168,167,436**	**95.51%**	**156,047,743**	**88.63%**	**19,700,000**	**11.19%**	**17,900,000**	**10.17%**	**7,760,000**	**4.41%**

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G. Agriculture

Phase	Distribution plan budget					Implementation value of equipment, materials and supplies					
	Allocated	Submitted to Security Council Committee		Approved by Security Council Committee		Arrived in country		Arrived at governorates		Delivered to end users	
	US$	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation
15 Governorates - centre / south											
Phase I	24,000,000	22,758,882	94.83%	22,355,438	93.15%	20,005,356	83.36%	15,882,131	66.18%	7,572,225	31.55%
Phase II	24,000,000	21,616,663	90.07%	21,386,963	89.11%	12,832,726	53.47%	12,832,726	53.47%	-	0.00%
Phase III	24,000,000	20,260,914	84.42%	15,931,162	66.38%	-	0.00%	-	0.00%	-	0.00%
Total for centre / south	**72,000,000**	**64,636,459**	**89.77%**	**59,673,563**	**82.88%**	**32,838,082**	**45.61%**	**28,714,857**	**39.88%**	**7,572,225**	**10.52%**
3 Governorates - north											
Phase I	20,150,000	20,150,000	100.00%	20,150,000	100.00%	17,737,000	88.02%	17,737,000	88.02%	11,363,000	56.39%
Phase II	26,000,000	26,000,000	100.00%	26,000,000	100.00%	10,586,000	40.72%	10,586,000	40.72%	1,930,000	7.42%
Phase III	26,000,000	26,000,000	100.00%	26,000,000	100.00%	-	0.00%	-	0.00%	-	0.00%
Total for north	**72,150,000**	**72,150,000**	**100.00%**	**72,150,000**	**100.00%**	**28,323,000**	**39.26%**	**28,323,000**	**39.26%**	**13,293,000**	**18.42%**
Countrywide											
Grand total	**144,150,000**	**136,786,459**	**94.89%**	**131,823,563**	**91.45%**	**61,161,082**	**42.43%**	**57,037,857**	**39.57%**	**20,865,225**	**18.42%**

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H. Education

Phase	Distribution plan budget					Implementation value of equipment, materials and supplies					
	Allocated	Submitted to Security Council Committee		Approved by Security Council Committee		Arrived in country		Arrived at governorates		Delivered to end users	
	US$	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation
15 Governorates - centre / south											
Phase I	12,000,000	10,950,428	91.25%	10,950,428	91.25%	5,735,454	47.80%	4,274,295	35.62%	28,290	0.24%
Phase II	12,000,000	10,823,620	90.20%	10,682,424	89.02%	3,630,875	30.26%	50,787	0.42%	-	0.00%
Phase III	12,000,000	9,401,450	78.35%	7,552,569	62.94%	-	0.00%	-	0.00%	-	0.00%
Total for centre / south	**36,000,000**	**31,175,498**	**86.60%**	**29,185,421**	**81.07%**	**9,366,329**	**26.02%**	**4,325,082**	**12.01%**	**28,290**	**0.08%**
3 Governorates - north											
Phase I	15,150,000	12,748,131	84.15%	12,748,131	84.15%	7,590,525	50.10%	7,590,525	50.10%	5,271,410	34.79%
Phase II	15,300,000	12,953,131	84.66%	12,243,131	80.02%	165,576	1.08%	165,576	1.08%	-	0.00%
Phase III	15,000,000	10,429,838	69.53%	6,629,838	44.20%	-	0.00%	-	0.00%	-	0.00%
Total for north	**45,450,000**	**36,131,100**	**79.50%**	**31,621,100**	**69.57%**	**7,756,101**	**17.07%**	**7,756,101**	**17.07%**	**5,271,410**	**11.60%**
Countrywide											
Grand total	**81,450,000**	**67,306,598**	**82.64%**	**60,806,521**	**74.66%**	**17,122,430**	**21.02%**	**12,081,183**	**14.83%**	**5,299,700**	**6.51%**

I. Settlement rehabilitation

Phase	*Distribution plan budget*					*Implementation value of equipment, materials and supplies*					
	Allocated	Submitted to Security Council Committee*		Approved by Security Council Committee*		Arrived in country		Arrived at governorates**		Delivered to end users	
	US$	*Value (US$)*	*% of allocation*	*Value (US$)*	*% of allocation*	*Value (US$)*	*% of allocation*	*Value (US$)*	*% of allocation*	*Value (US$)*	*% of allocation*
3 Governorates - north											
Phase I	12,000,000	12,000,000	100.00%	12,000,000	100.00%	250,000	2.08%	7,900,000	68.17%	6,840,000	57.00%
Phase II	6,000,000	5,140,000	85.67%	5,140,000	85.67%	-	0.00%	4,940,000	82.33%	830,000	13.83%
Phase III	11,000,000	11,000,000	100.00%	11,000,000	100.00%	-	0.00%	600,000	0.00%	-	0.00%
Total for north	**29,000,000**	**28,140,000**	**97.03%**	**28,140,000**	**97.03%**	**250,000**	**0.86%**	**13,440,000**	**46.34%**	**7,670,000**	**26.45%**

* Amounts include cash components.

** For phase I, this amount reflects $7,380,000 in cash component and $70,000 in supplies; for phases II and III, these amounts reflect cash components only.

J. Demining

Phase	Distribution plan budget					Implementation value of equipment, materials and supplies					
	Allocated	Submitted to Security Council Committee		Approved by Security Council Committee		Arrived in country*		Arrived at governorates*		Delivered to end users*	
	US$	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation	Value (US$)	% of allocation
3 Governorates - north											
Phase I	2,500,000	1,000,000	40.00%	1,000,000	40.00%	2,300,000	92.00%	2,300,000	92.00%	2,300,000	92.00%
Phase II	2,670,000	450,000	16.85%	450,000	16.85%	600,000	22.47%	600,000	22.47%	600,000	22.47%
Phase III	1,000,000	130,000	13.00%	-	0.00%	829,000	82.90%	829,000	82.90%	829,000	82.90%
Total for north	**6,170,000**	**1,580,000**	**25.61%**	**1,450,000**	**23.50%**	**3,729,000**	**60.44%**	**3,729,000**	**60.44%**	**3,729,000**	**60.44%**

* Values include cash components as follows: phase I: $1,496,285; phase II: $2,068,345; phase III: $829,000.

Annex VII

Reimbursement from the 13 per cent account to the 53 per cent account for the delivery of bulk purchase goods as at 15 May 1998

Phase	Sector	Reporting period	Date reimbursed	Amount reimbursed (United States dollars)
I	Food	April/May 1997	16 July 1997	14 539 097
		May/June 1997	16 August 1997	26 724 307
		July 1997	29 August 1997	14 142 854
		August 1997	18 September 1997	18 075 275
		September 1997	27 October 1997	19 907 936
		October 1997	1 December 1997	15 169 603
		November 1997	23 December 1997	7 227 105
		December 1997	6 February 1998	2 358 046
		January 1998	27 February 1998	413 755
		Total Phase I food		118 557 979
I	Medicine	May-July 1997	19 November 1997	230 614
		August 1997	19 November 1997	643 503
		September 1997	23 December 1997	972 103
		October 1997	20 January 1998	1 842 923
		November 1997	31 March 1998	1 876 572
		December 1997	31 March 1998	2 724 618
		January 1998	30 April 1998	2 633 440
		Total Phase I medicine		10 923 773
II	Food	November 1997	23 December 1997	5 724 129
		December 1997	6 February 1998	21 401 127
		January 1998	27 February 1998	21 185 127
		February 1998	17 March 1998	6 628 833
		February 1998	19 March 1998	9 282 655
		March 1998	23 April 1998	7 080 879
		March 1998	27 April 1998	10 211 031
		Total phase II food		81 513 782
II	Medicine	(None)		

Phase	Sector	Reporting period	Date reimbursed	Amount reimbursed (United States dollars)
III	Food	March 1998	23 April 1998	182 202
		Total Phase III food		182 202
III	Medicine	(None)		
	Total food reimbursement, Phases I, II and III			200 253 963
	Total medicine reimbursement, Phases I, II and III			10 923 773
	Total reimbursement, Phases I, II and III			211 177 736